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The search for equity

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THE SEARCH FOR EQUITY

submitted by Tim Lee

for the degree of PhD
of the University of Bath
1995

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SUMMARY

The Search for Equity is a theoretical and empirical study of equity.

The empirical research focusses on local education authorities and their search for equity according to need in resource allocation to schools. It analyses how equity is interpreted in practice by policy-makers constructing funding formulae, and identifies the main factors which influence this process and its results.

I draw upon two main sources of empirical data. First, the findings of three national censuses of LEAs in England, conducted in 1989, 1991 and 1992. The censuses show up great variety in LEA formulae, and also a high degree of flux over the study period. The factors influential in shaping LEA policy were meanwhile examined via four case studies of individual authorities - the second main source of empirical data.

Overall, I argue that there are three main features of the policy problem faced by LEAs which help to explain the prevalence of diversity and change: the existence of multiple and often competing policy objectives; the uncertainties and opportunities associated with the concept of need; and also problems and opportunities associated with the concept of equity itself.

The theoretical element of the research develops the notion of *equities* - different versions of the concept - following the lead of Rae in his seminal study of equality / equalities.

In explaining how equities are created, I highlight the three ingredients which are essential in operationalising equity in the context of resource allocation. I call them the focal unit, focal variable, and input-outcome relationship. This unit / variable / relationship approach provides, I argue, a means of mapping different versions of equity which is rooted in conceptual analysis rather than equity's colloquial usage. Indeed, I argue that colloquial usage of equity provides little if any help to those wishing to, or needing to, understand the concept, and go on to assert that goals of 'equity' or 'equity according to need' are less meaningful than many seem to assume; such goals seem to direct policy in way which is more symbolic than real. I urge that advocates of equity pay greater attention to what it is that they are really advocating.

CHAPTER 1

THE SEARCH FOR EQUITY: INTRODUCTION TO THE THESIS

INTRODUCTION

Even if money can't buy you love, it is still a pretty useful commodity. The benefits it can bring are sometimes obvious - being able to pay can make the difference between your child being educated in a class of fourteen or 40, between having an operation next week or next year. For the majority of people, however, paying for welfare is either unaffordable or unthinkable. Or is it? The services which constitute much of the welfare state do not operate on goodwill. They too require money, which is raised mainly through taxation, both nationally and locally. Hence, what exists is a general and systematic separation between the paying for and the receiving of some of our key social services, such as education and health.

This separation carries with it many implications, not least the onus placed on those controlling the public purse to spend the public's money wisely and on appropriate provision. But this is an over-simplification. Typically, the translation of money into provision occurs only in the last stage of complex processes. These have become more diverse in recent years as a result of moves towards a more mixed economy of welfare. However, they basically take the form of a financial cascade

in which money is allocated and re-allocated between different levels of the administrative hierarchy, or different parties in welfare production.

Despite much rhetoric about choice and the empowerment of service users, and certain policies designed to turn rhetoric into reality, most of us have no direct say at any stage of this financial cascade; we have to rely on others to make allocation decisions for us. For this reason alone, the actions of allocators deserve close scrutiny.

In the social services, it is common to find allocators' actions directed towards the achievement of equity. Equity is an intriguing concept. It is undeniably a principal resident of the social policy pantheon. Moreover, it seems to be a popular goal; a flag which few would refuse to march behind. But what is equity, and to what does the catchphrase 'equity according to need' refer? Many answers seem possible. This is because the two propositions at the heart of equity - 'treat equals equally and unequals unequally', and 'to each *X* according to its *Y*' (explained in Chapter 4) - make general, not specific, demands. Thus, the application of equity to real situations is very much left open to interpretation by those entrusted with policy-making.

This realisation implies the need to look at the characteristics and impact of actual allocation policies, if understanding about equity is sought. And if that approach is pursued, questions flow. What does equity look like when 'brought to life'? Does it take one or a variety of forms? What are the main factors which play a part in

shaping manifestations of equity? And does equity peacefully co-exist or conflict with other policy goals? These are the general questions addressed in this thesis which is based - in part - on a research project of mine, 'Social disadvantage and LEA resource allocation to schools', funded by the ESRC (grant number R000 232 504).

THE RESEARCH LABORATORY: FORMULA FUNDING

Having established key questions, a context is required in which to seek answers. My study examines the resource allocation policy known as formula funding which operates in the education system. Formula funding forms part of the Local Management of Schools policy, introduced via the 1988 Education Reform Act. Formula funding, which came into effect in 1990¹, provides an excellent laboratory for this study, as the following, diverse points illustrate.

Equity

The achievement of equity according to need is clearly a goal in formula funding. Indeed, as will be shown in Chapter 2, LEAs are legally obliged to achieve an equitable allocation of funds to schools. Beyond this, however, equity is left imprecisely defined. Thus it is left to policy-makers to operationalise the concept and find means of expressing it in policy.

¹ As will be explained in the next chapter, inner London authorities began to introduce formula funding in 1992.

Potential for variety

As its name implies, formula funding involves the use of an allocation formula. However, a national funding formula does not operate. Instead, each and every LEA (there were 109 in England by the end of the study period) is required to create and operate its own formula designed to suit local needs and priorities. In this way, there is great potential for local diversity in the composition of LEA funding formulae. For this reason formula funding provides a far better laboratory than allocation policies where only one formula is found, such as the calculation of central government grants for local authorities or NHS regions.

Characteristics of LEA formulae

There are a number of further factors which make formula funding conducive to my research. First, the formula funding process is tied to the financial year. If made, changes to formulae come into effect just once a year, in April. Thus there are regular decision-making points at which LEA formulae can be compared. These comparisons may be either across authorities at one point in time, or historical, looking at one authority's formula at different points in time. Second, the process of formula funding is intended to facilitate accountability and certainty. The government demands that:

the basic rules of the formula should be simple clear and predictable in their impact, so that governors, head teachers, parents and the community can understand how it operates and why it yields the results it does, and can include it as a key factor in their planning for future years.

(DES, 1988, para. 104).

What is expected to be true for governors, teachers and parents, should also hold for researchers.

Third, and expanding on the latter point, the policy framework of LMS is such that the main constituent components of LEA formulae should be clearly identifiable (as will be seen in Chapter 2). All formulae must include a component providing a per capita allocation based on pupil numbers. Then, formulae may have up to three other main components: to cover premises costs, to provide protection for small schools², and to cover the extra costs to schools arising from additional educational needs (AEN). This separation of components allows this study to analyse the specific component of the formula intended to secure equity according to need - the AEN component. The precise purpose and content of this component may vary from authority to authority, but in all cases it is used to take account of inter-school variations in needs.

Properties of money

The fact that formula funding is a *financial* allocation policy also enhances its potential as a context in which to study the search for equity. One key property of money - divisibility - has a number of implications. Since money is a divisible resource down to the last penny, more than one competitor can receive a share. Moreover, the inherent value of money is not eradicated by division - shares remain valuable, and Solomonic judgements are not required. Furthermore, whether a

² As will become clear in the next chapter, the bulk of money distributed via formula funding must be allocated according to pupil numbers in different schools. This being the case, small schools - with few pupils - require extra resources if they are to be able to fulfil their duties.

resource is divisible or indivisible affects the choice of principles by which that resource can be allocated:

When goods are indivisible, allocation decisions take the form of saying Yes or No to the candidates, rather than awarding them some variable amount of the good. ... principles of the form "To each according to his X" have no application for indivisible goods. (Elster, 1992: 22)

Thus it is only because money is a divisible resource that equity - a type of 'to each according to their X' principle - can be pursued in financial allocations. The fact that a resource is divisible does not necessarily mean that division is unproblematic, however. Divisible resources can be heterogeneous by nature - land, for example. Money, on the other hand, is both divisible and homogenous in the sense that 'all units are indistinguishable ... [and] any two equal-sized amounts are ... indistinguishable' (Elster, *loc. cit.*).

Scarcity and rationing

There is one more important property of money to mention - scarcity. In this respect money is no different to the majority of other goods and resources in social policy; needs and demands tend to outstrip supply. But the scarcity of money is particularly significant for two reasons: the availability of many other goods and resources depends to a great extent on the availability of funds with which to purchase and provide them; and the supply of money cannot be increased to a point where all needs and demands are satiated. Analysts have thus identified rationing as one of the central activities in social policy. Indeed, Glennerster (1983: 2) describes the 'whole complex process which determines who gets what from the

social services ... as a multiplicity of rationing devices'. Here, the analysis is restricted to formula funding, one example of financial rationing³, *i.e.* 'procedures by which sums of money are allocated between competing claims' (Judge, 1978: 5).

Equitable rationing

Moreover, formula funding - on paper at least - displays three key features which Glennerster (1983) deems conducive to the achievement of 'socially just' or equitable rationing.

The first feature is *rationality*. Glennerster (*ibid.*, p. 3) distinguishes between allocations which are 'automatically incremental ... [involving] the mere rolling forward or backwards of existing patterns of resource allocation', and those involving 'some *conscious choice of alternatives or priorities*'. The latter approach Glennerster deems necessary for the achievement of equity / a socially just allocation; it is also required of LEAs by the terms of formula funding. This incremental versus conscious choice distinction is useful but must be made with care. For example, the latter approach does not necessarily lead to a new and different distribution pattern. A conscious consideration of who should get what could result in a decision not to change a pre-existing allocation, or to make just minor alterations. Furthermore, even 'conscious choice' allocation policies may have a bias towards incrementalism built into them. Policies which place an

³ Judge (1978: 6) distinguishes between financial rationing and service rationing, the latter referring to 'those procedures, implicit or explicit, by which clients obtain access to ... services'.

emphasis on per capita funding - as in the case of formula funding - in effect limit the degree to which outcomes can vary from one allocation to the next.

Visibility is the second feature. Rationing decisions can be open to public scrutiny or kept secret. However, Glennerster (*ibid.*, p.4) argues that:

if ... socially just priorities are to be achieved, rationing has to be *visible* ... so that allocators and professionals can be held accountable for the actual priorities revealed in their actions.

As previously mentioned, LEA formulae are expected to be simple - to aid their understanding - and visible - open to public scrutiny.

The third feature is *probability*. Glennerster (*loc. cit.*) contends that if equity is to result from an allocation which takes place regularly (even if infrequently), then consistency and predictability must be built into the allocation. He states that:

An individual or group that is deemed to be a priority one week must be able to expect similar priority next week ... That is necessary to any concept of a just allocation.

The point applies equally well to an annual allocation procedure such as formula funding; as cited above, the government's intention is that formulae will be predictable in their impact.

BOUNDARIES OF THE RESEARCH

Having introduced the topic of my thesis, and before providing an outline of the sections and chapters that follow, I wish to distinguish this study from others in the field of equity research and make explicit what is not attempted.

First, I eschew the issue of whether equity *should* be a goal of social policy resource allocations. Here, my starting point is the observation that equity is imposed as a goal of formula funding (and explicitly or implicitly accepted as a goal in many other allocation policies).

Second, in the empirical part of this research, the analysis is restricted to equity according to needs, the version of the equity concept found in formula funding. However, unlike Le Grand (1991), my intention is not to advocate that version of equity or any other.

Third, this is most definitely not an exploration of the notion, popularised by Davies (1968) and used by many since, that ideal patterns of resource distribution can be constructed for comparison with actual allocations. Indeed, I will argue that (and explain why) the value of such analyses is extremely limited, and confess my agnosticism concerning the existence of an equitable ideal.

Finally, my thesis offers neither an anthropology nor a pathology of policy-making. The focus is not the minutiae of decision-making processes; a study similar to that

of Byrne (1974) or Silver and Silver (1991) is not pursued. Rather, the focus is on the main factors underlying decisions, and also the implications of those decisions, *i.e.* the main factors that affect how equity translates into practice. Throughout, my aim is to try and understand, not ridicule, even though the decisions which policy-makers make are often surprising and occasionally bewildering. Such decisions are viewed as symptomatic, both of the complexity of the task of operationalising equity and of the constraints within which policy-makers must operate.

OUTLINE OF THE THESIS

This is a theoretical and empirical study of equity. It is composed of thirteen further chapters which are grouped into four main sections.

Section A

This section provides the policy and conceptual background to this study. Chapter 2 provides a detailed description of the LMS policy, in particular the financial allocation mechanism of formula funding. This clarifies that in formula funding schools, policy-makers are ordered to achieve equity according to needs. It also suggests that we need to know about and understand the concepts of equity and need. Chapter 3 critically reviews the general literature on need and also analyses research on additional educational needs factors.

Chapter 4 goes on to analyse the concept of equity. In this chapter I draw upon the literature on equity, argue that there are some major problems with the way equity is often used by academic writers, and also provide my own ideas as to how gaps in the literature might be filled. In particular, I argue that we need to think in terms of different versions of the equity concept - I call them *equities* - and develop a means of mapping differences between equities.

Chapters 3 and 4 emphasise not only that equity and need are concepts which require operationalisation by policy-makers, but that they are tricky notions to work with. Therefore in the final chapter of this section, Chapter 5, I undertake a selective review of the literature on policy-making and implementation.

Section B

This section is devoted to research questions and methods. It contains one chapter, Chapter 6, which begins by taking stock of the background information and teasing out issues for investigation. The methods employed in my research are then explained and justified. I undertook three national postal censuses of LEAs - in 1989, 1991 and 1992 - and made four case studies of individual authorities.

Section C

The third section of the thesis presents my empirical findings. Chapter 7 analyses how education authorities have implemented the order to achieve equity, drawing on data from the second of my three censuses of LEAs. It thus offers a snapshot picture of similarities and differences in AEN funding across England. In Chapter

8, on the other hand, I consider whether this picture changes or stays the same over time. To do this, I compare and contrast data from all three of the censuses I conducted.

The verdict of chapters 7 and 8 is that the pursuit of equity across England is a process characterised by diversity and change. But the census data does not reveal why this is so. This is the task of chapters 9 to 12, which each present one of the case studies of education authorities.

Section D

The final section is comprised of two chapters. In Chapter 13 I discuss the search for equity in the light of the census and case study findings, return to re-assess my initial contentions regarding the concept of equity itself (made in Chapter 4), and offer my own judgement on the concept.

Finally, Chapter 14 provides a summary and conclusion to my thesis, as well as identifying areas for future research.

CONCLUSION

The focus, overall structure and chapter contents of this thesis have been set out. As stated, the purpose of the next chapter is to provide a detailed description of the policy terrain in which the research takes place - Local Management of Schools and formula funding.

SECTION A

CONCEPTUAL AND POLICY BACKGROUND

CHAPTER 2

SETTING THE GOAL OF EQUITY: LMS AND FORMULA FUNDING

INTRODUCTION

In the late 1980s and early 1990s, local education authorities, which had grown up empire-like over a century of state intervention, were confronted by legislation prescribing a radical restriction of their influence: the Education Reform Act (ERA). The Act, passed in 1988, brought forward policies to reduce local government's grip over the service, increase central control and encourage market forces. One policy which had a great impact on LEAs, Local Management of Schools (LMS), transformed resource allocation practices in education. The policy of formula funding was imposed, whereby [a] a mathematical formula must be used to calculate schools' budgets, [b] the bulk of funding must be allocated according to pupil numbers, and [c] additional factors can be taken into account in order to deliver equity.

As mentioned in the introductory chapter, LMS and formula funding provides the policy terrain for this thesis. Later chapters will critically analyse the conceptual issues at stake, and also present and discuss my findings regarding the search for equity by LEA policy-makers. In this chapter, however, the aim is more straightforward and the content is primarily descriptive. The purpose here is to

introduce the policy of LMS and provide a detailed description of the rules and guidelines on formula funding, as found in law and departmental Circulars.

Local Management of Schools is a three part policy. First, it affects the way schools are run: LEAs cease to manage schools and the governing bodies of the individual institutions take over. Second, LMS is a vehicle by which money is diverted out of LEA central spending and into school budgets. For the first time, limits are placed on the proportion of the education budget which LEAs can retain themselves, centrally. The third, and for this study the most important, part of LMS demands that LEAs adopt formula funding as a means of allocating resources to schools. These three aspects of LMS are explained, in turn, in the three main sections of the chapter. First, however, the key texts governing the implementation of LMS are introduced.

THE LEGAL AND ADMINISTRATIVE FRAMEWORK OF LMS

Under section 33 of the 1988 Education Reform Act, LEAs have a legal duty to prepare and implement schemes for the Local Management of Schools. The Act, whilst sketching the broad outlines of LMS policy (sections 35-51), contains few precise details for LEAs to follow. Instead, section 34 gives the Secretary of State delegated powers to direct and regulate the implementation of LMS. It authorises the Secretary of State to 'publish any guidance ... in such a manner as he thinks fit', commands that in preparing schemes LEAs must take such guidance into account,

and stipulates that an authority's scheme cannot operate without Secretary of State's approval. Ultimately, section 34 of the Act gives the Secretary of State the right to impose a scheme upon errant authorities.

The Secretary of State's formal guidance on LMS has come in a variety of forms - DES Circulars, orders and regulations. The Circulars - two are of concern here - are by far the most important sources. Circular 7/88, *Education Reform Act: Local Management of Schools* (DES, 1988), was issued in September 1988 and forms the basic LMS text. Its 226 sections offered authorities advice on the initial preparation of LMS schemes and specified the criteria which the Secretary of State would apply in the process of approving, requiring modifications to, or rejecting authorities' proposals. The Circular was intended to provide a general framework for LEAs to work to and within, not a straitjacket. Each LEA was expected to 'devise its own scheme in response to its local needs and circumstances' and the Secretary of State assured that in 'considering schemes submitted to him for approval' he would give due regard to 'the individual circumstances relevant to each scheme and to the merits of the scheme as a whole' (*ibid.* para. 11).

Commenting on the provisions of the Education Reform Bill in June 1988, the Audit Commission (1988: 1) noted that the timetable for introducing LMS was 'extremely tight'. LEAs outside inner London were given until 30th September 1989 to prepare draft versions of their LMS schemes and submit them to the DES ready for ministerial vetting (*ibid.* para. 3). The Secretary of State envisaged that most approved schemes - with or without modifications having been required and

made - would then come into force in April 1990 (*ibid.* para. 4). Others could be granted conditional approval to operate for a limited time without fully complying with the Secretary of State's wishes (*ibid.* para. 216). The 12 new inner London LEAs created on the abolition of the ILEA in 1990 were given until September 1991 to submit their draft proposals. If approved, these schemes would come into force in April 1992 (*ibid.* para. 5).

Once approved, LMS schemes operate indefinitely. The only requirement was that LEAs conduct a full review of their scheme within three years of it coming into effect (*ibid.* para. 97). However authorities are not irrevocably tied to their original scheme - minor and significant alterations are possible. In the case of minor alterations (as defined in: *ibid.* para. 218), authorities are merely required to inform the Secretary of State of changes made. Significant variations, however, require ministerial approval. A departmental order issued in February 1990 clarified what would and would not be classed as a significant variation (DES, 1990a).

One of the few specific duties imposed on LEAs directly by the Education Reform Act, rather than by the Secretary of State via delegated powers, concerns the publication of financial data. Section 42 of the Act stipulates that at the beginning of each financial year authorities must issue a detailed statement of their resource allocation plans, and that at the end of the financial year they must issue a statement of their actual expenditure. The precise content of these Section 42

budget statements was prescribed by the Secretary of State in a regulation made in February 1990 (DES, 1990b).

The second DES Circular on LMS, Circular 7/91, *Local Management of Schools: Further Guidance* (DES, 1991), was issued in April 1991 - *i.e.* 20 months after Circular 7/88 and just over one year after most LEAs had introduced LMS. Reflecting the Secretary of State's desire to 'extend the benefits of LMS' (*ibid.* para. 3) it called for the implementation of LMS to be re-directed in mid-course in pursuit of new objectives. The detail of these new requirements is given in the sections below.

DELEGATION OF DECISION-MAKING

Above, it was noted that LMS is a three part policy. The first part, merits only brief consideration here, relates to the delegation of managerial responsibilities to school governing bodies.

Delegated management

Originally, Circular 7/88 specified that all secondary schools and all primaries with over 200 pupils should become self-managing by April 1993 (DES, 1988, paras. 33-36). For Inner London authorities, the deadline was April 1994. LEAs were left to choose whether to extend delegated powers to any, all, or none of their smaller primary schools. Nursery schools and Special schools were excluded from

the formal provisions of LMS. Later, however, Circular 7/91 simplified arrangements by stipulating that by 1994 all schools, regardless of size or location, must be locally managed (DES, 1991, para. 13).

Delegated management has given extensive powers to school governing bodies. Local managers have 'freedom to deploy resources within the school's budget according to their own educational needs and priorities' (DES, 1988, para. 21). No sums within a school's delegated budget can be earmarked by the LEA for specific purposes. Therefore governing bodies, and not LEAs, determine the complement of teaching and non-teaching staff, how much is spent on books and materials, and how resources are deployed to meet curricular priorities.

The government foresaw a range of interrelated benefits to result from delegation of management: greater efficiency and effectiveness; encouragement of competition and market forces; and reductions to, and changes in, the role of local authorities. However, these factors bear no direct relevance to this research study. What is of relevance though is the way in which, historically, the trend towards delegation of managerial responsibilities has been seen as necessitating the development of new, formula-based forms of resource allocation to schools.

Delegated management and links with formula funding: a brief, historical review

Perhaps the earliest policy ancestor of LMS is a scheme referred to by Downes (1988:3): in the 1950s Hertfordshire operated a system whereby Head teachers

managed a budget for expenditure on books, stationery, postage, repairs to furniture and equipment, and various other items. However, it was in the 1970s and 80s that more notable landmarks emerged.

In 1973 the ILEA launched its Alternative Use of Resources (AUR) policy which gave schools freedom to determine how a relatively large part of their budget should be spent (basically the element other than that assigned for staffing). This was thought to allow spending to 'follow more closely upon changes in needs and priorities' than if decisions were taken centrally (Briault, 1977: 258). The AUR policy also attempted to make the process of resource allocation to schools more rational and equitable by using the Educational Priority Index¹ to financially compensate those schools with greatest needs.

Cambridgeshire is also frequently cited as an innovative authority in this field. In 1977, a policy of Increased Financial Responsibility for schools was introduced. This evolved over a decade to a point where all secondary schools and a small number of primaries were under what was then called Local Financial Management. Schools are reported to have generally welcomed these developments (see, for example, Downes, 1986), however one area of dispute remained: schools continued to receive budgets based on historical figures and not, as they perceived it, their relative, financial needs. Finally, a formula for calculating secondary school budgets was devised which came into operation in April 1987. It allocated money primarily according to 'age-weighted pupil numbers' i.e. the

¹ The ILEA's Educational Priority Index is discussed further in Chapters 3 and 12.

numbers of pupils at each school adjusted to take account of variations in the costs of provision for different age groups.

By the late 1980s forms of local management were found in over 20 LEAs (Downes, 1988:4). Also, there was a growing, if still minimal, recognition that decentralisation, among other factors, would necessitate fundamental changes to the ways LEAs funded schools. These twin developments were embraced by the government and plans for nation-wide local management of schools written into the 'Great Education Reform Bill' presented to Parliament after the Conservative victory in 1987.

CONTROLLING LEA CENTRAL SPENDING

Prior to LMS, it was the prerogative of the LEA to decide how much of its budget would be spent centrally - on administration, services, training, *etc.* Since 1990 and the advent of LMS, however, they have been forced to limit central spending and encouraged to pursue 'maximum delegation' of resources to schools. Control of LEA central spending is the second part of the LMS policy.

A simplified model of the original resource allocation process under LMS is shown in Figure 1 below. The *General Schools Budget* (GSB) was defined as the total, for one financial year, provided by the LEA to spend on services in and for all mainstream schools in the area (DES, 1988, para. 48). In accordance with the

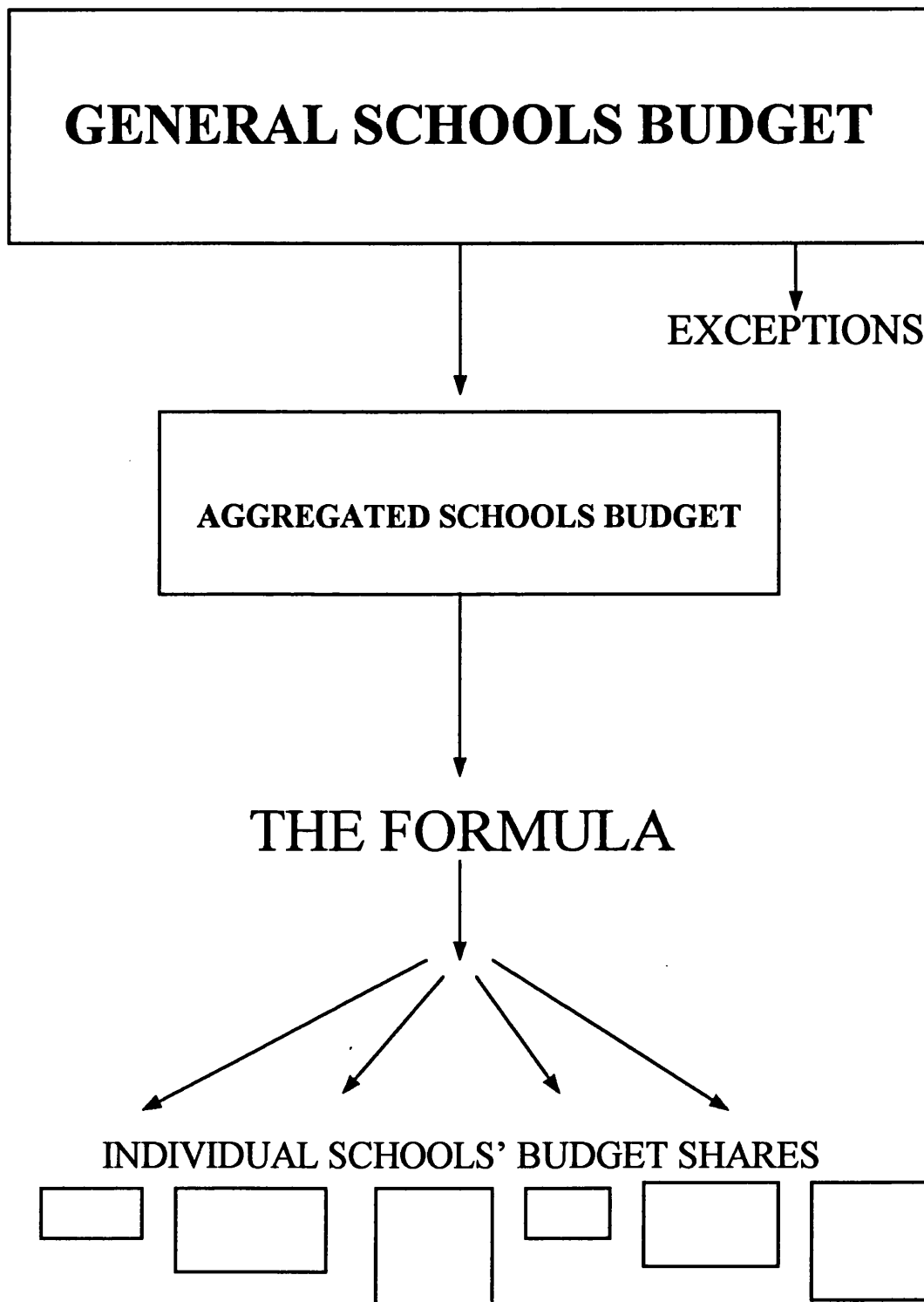


FIGURE 1: LMS RESOURCE ALLOCATION UNDER CIRCULAR 7/88

Source: LEE (1990b)

principle of maximum delegation, LEAs were informed that as a general rule 'provision should be delegated except where there is a clearly identified need for the LEA to retain control' (*ibid.* para. 63), and that central control should only be retained if such practice could be 'clearly demonstrated' to be 'more efficient or effective' than delegation (*ibid.* para. 10). No indication was given, however, concerning how authorities could or should evaluate the efficiency or effectiveness of delegation compared to central control.

Any form of spending or provision kept under central control was classified as either a mandatory exception, an unlimited discretionary exception, or a limited discretionary exception. Mandatory exceptions, namely capital expenditure and specific grants², were not to be delegated. Unlimited discretionary exceptions were items which the government felt could be delegated by LEAs, yet were not taken into account in the limits placed on central spending (*ibid.* para. 96). LEA administration, advisory and inspection services, school meals, and measures designed to smooth the transition into LMS (as described in: *ibid.* paras. 94-5) fell into this category. The government saw less of a case for LEAs retaining central control over the diverse items (see: *ibid.* paras. 68-89) classed as limited discretionary exceptions. From 1990, no more than 10% GSB was allowed to be spent on limited discretionary exceptions, and LEAs were told to plan so that no more than 7% GSB would be spent by 1993 (*ibid.* paras. 96-7).

² These grants include those from either the UK government - such as Education Support Grants, LEA Training Grants, and Section 11. grants - or the European Community.

The *Aggregate Schools Budget* (ASB) was defined as the amount left after deducting the costs of all exceptions - mandatory and discretionary - from the General Schools Budget. It was also defined as the total allocated directly to schools by the LEA's formula (*ibid.* para. 98).

School Budget Share was the term used in the 1988 Act (section 33) to refer to each school's portion of the Aggregate Schools Budget, as delivered by the formula. This amount might be managed by the school directly - where governing bodies had received delegated powers, or by the LEA in the case of schools either awaiting, or excluded from, local management.

This system came into operation in 1990. However the detail did not last long unchanged: Circular 7/91 brought revisions to the resource allocation process and harsher controls on LEA central spending. The Secretary of State wanted to see LEAs 'shifting resources from administrative overheads and other central services to school budgets managed by governors and heads' (*ibid.* para. 5). To achieve this, a new stage - marked by the *Potential Schools Budget* (PSB) - was inserted into the original LMS resource allocation process, as shown in Figure 2 below. The Potential Schools Budget is the total which government judge could, in theory, be delegated to schools each year. It is the sum left over from the General Schools Budget once LEAs have deducted money for only five items, namely capital expenditure, specific government grants, home to school transport, school meals and certain transitional measures (*ibid.* para. 6).

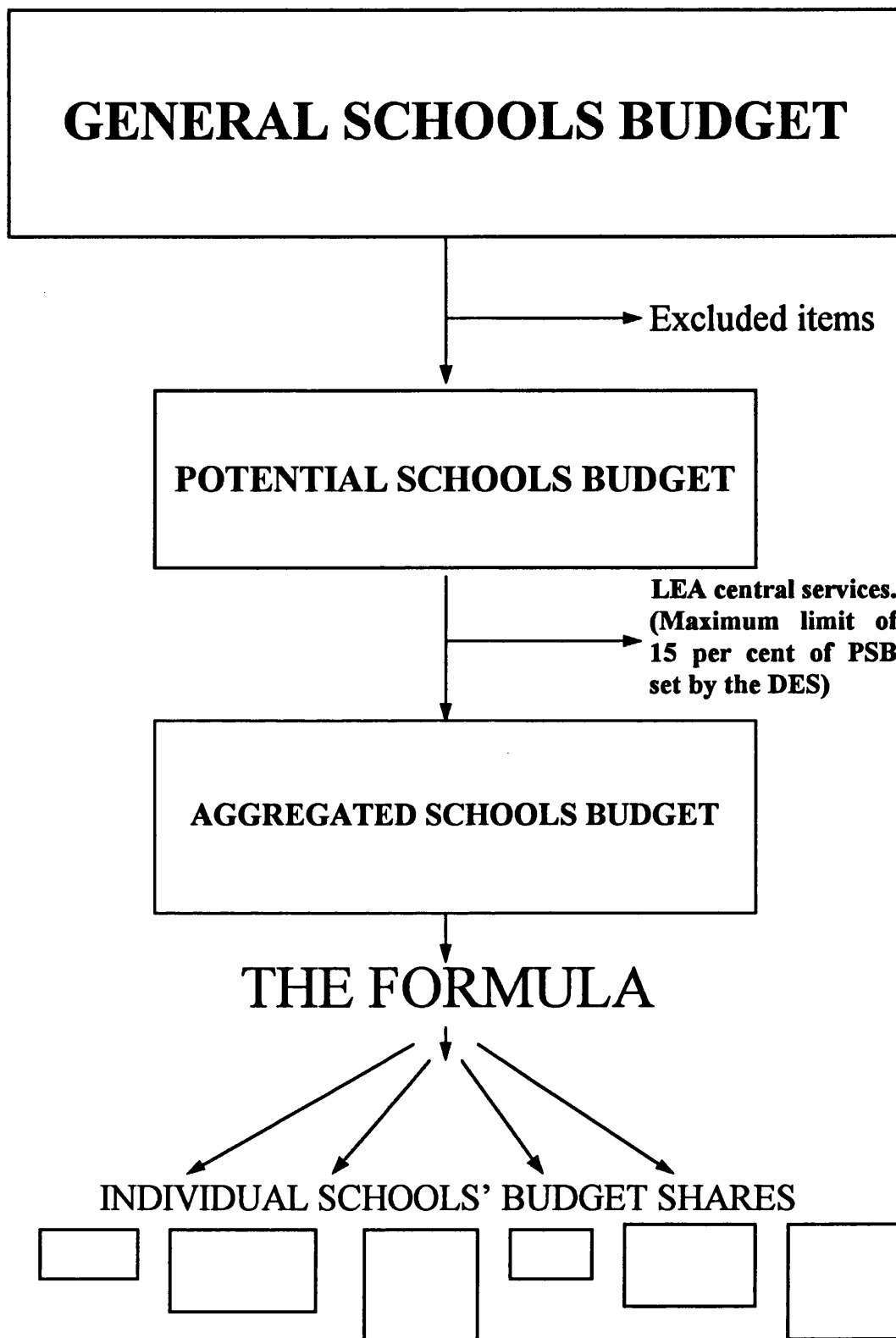


FIGURE 2:LMS RESOURCE ALLOCATION UNDER CIRCULAR 7/91

Source: LEE (1992a)

Circular 7/91 ruled that from 1993, the procedure for limiting LEA central spending would focus on delegation within the PSB. This change reflected the Secretary of State's realisation that the GSB had previously provided an arbitrary reference point for comparisons between LEAs since it included several 'large and uneven items' (precisely those mentioned above which are excluded from the PSB). By April 1993 (1995 in inner London), LEAs had to delegate at least 85% of their Potential Schools Budget to schools (*ibid.* paras. 7, 29).

The implications of these Circular 7/91 changes are worthy of brief mention. At the outset of LMS in 1990, the bulk of LEA central spending was not subject to limits. Conforming to the 10% GSB restriction on limited discretionary exceptions represented a major problem only for the most 'top-heavy' of LEAs. The need to meet the planned 7% GSB limit by 1993, however, left the majority of LEAs with work to do. DES data in 1990 showed only 6 authorities, out of 82 listed, already at that level of delegation (DES, 1990c). I estimated what might be called the 'delegation deficit' which existed at that time, i.e. the additional amount of money which would have had to have been delegated by LEAs if they were all to meet the 7% target on time. It was in the order of £200 million (Lee, 1990a). Circular 7/91 effectively quadrupled the delegation deficit. LEAs were collectively faced with the prospect of reducing their central expenditure by around £850 million during the period May 1991 to April 1993 (Lee, 1992b).

By initiating such a mass transfer of resources from LEAs to schools, the government showed that it held great faith in the idea of delegated management. By implication, the government also showed that it had immense confidence in the process of formula funding - the means by which delegation of funding takes place. Simply stated, and all other things being equal, every extra pound delegated by LEAs is an extra pound allocated via the formula.

FORMULA FUNDING

Formula funding is the third and, for this study, most important part of the LMS policy. It forms the cornerstone of the intra-LEA resource allocation process and the policy 'terrain' in which my research into the search for equity takes place.

To a great extent, formula funding came about because of the government's wish to see schools managing their own affairs. For the latter to be achieved, a system was required whereby schools received individual budgets to manage. However the introduction of formula funding was also advocated in response to two other factors. The first was that a number of LEAs - as mentioned above - had already experimented, with generally positive results, with allocation formulae. The second factor was the government's general dissatisfaction with most authorities' previous allocation procedures. As I have commented:

It was perceived by government that past allocation procedures were overly complex and generally incomprehensible to anyone but a small group of education authority officials. Worst of all,

previous methods were thought to be ineffective in relating resources to needs.
(Lee, 1990b: 15)

Hence formula funding was introduced with a number of aims in mind. What shape does the policy take?

Crucially, LMS did not impose a national allocation formula. Instead, each individual LEA is required to develop its own way of calculating and allocating school budgets (DES, 1988, para. 104). In so doing, LEAs are expected to take into account local needs and priorities. But total freedom was not granted: LEAs were required to conform to the Secretary of State's guidance. This guidance came in three forms: general rules, specific requirements, and an indication of some of the approaches which LEAs might consider.

General rules

Paragraph 104 of Circular 7/88, from which the quotations below are taken, establishes the three general rules which LEAs must abide by in constructing their formulae: objective needs and equity; age-weighted pupil numbers (AWPN); and simplicity (DES, 1988). These guide-lines remained unaltered during the study period of this research.

The fundamental rule regarding objective needs and equity in formula funding is concisely stated. The circular commands that each LEA's formula:

should be based on an assessment of schools' *objective needs*, rather than on historic patterns of expenditure, in order to ensure that resources are allocated *equitably*.
(emphasis added).

Second, LEAs must treat the number of pupils on the roll as the 'central determinant' of each school's funding requirements. However since the costs of providing education vary over a child's school life, pupil numbers should be weighted - *i.e.* given different financial values - according to pupils' age differences.

Third, whilst the Education Reform Act, section 38, stated that LEAs could employ 'methods, principles and rules of any description, however expressed' as a basis for resource allocation to schools, Circular 7/88 added the caveat that LEA formulae must be 'simple, clear and predictable in their impact, so that governors, heads, teachers, parents and the community can understand how it operates and why it yields the results it does'. Furthermore, authorities were warned not to include too many different factors in their formulae: paragraph 104 stated that 'a multiplicity of factors will make the formula less intelligible without necessarily making it more equitable'.

Specific requirements

These requirements changed somewhat during the study period, as a result of Circular 7/91. Both old and new requirements are explained below.

Circular 7/88 stipulated that at least 75% of the money shared out by the formula (i.e. the Aggregate Schools Budget) must be allocated on the basis of age-weighted pupil numbers³ (DES, 1988, para. 105). In allocating the remainder of the ASB (maximum of 25% ASB), the Secretary of State advocated that authorities should take at least two factors into account: variations in the costs of providing for children with special educational needs (SEN) in different schools; and the extra resources required by small schools in order to enable them to maintain a full curriculum.

The further guidance Circular, 7/91, made significant, if not major, alterations to the guide-lines on formula funding. It stated that from April 1993 (1995 in inner London) at least 80% of the ASB would have to be devoted to 'pupil-led funding' (DES, 1991, para. 10). The term 'pupil-led' was an innovation: it referred not only to funding tied to age-weighted pupil numbers, but also to pupil numbers weighted in lieu of factors such as a child's special educational needs or attendance in a designated nursery class (*ibid.* paras. 39-40). Subject to Secretary of State's approval, up to 5% of the ASB could be devoted to special educational needs and included in the 80% ASB required to be allocated for 'pupil-led' reasons (*ibid.* paras. 103-106).

Indicative guidance

The above-stated rules and requirements laid the foundations of the formula funding process. Most specific details were then left for LEAs to decide.

³ Of course, individual schools might derive more or less than 75% of their budget share from the AWP element of the formula.

However, the Secretary of State offered advice in paragraphs 107-128 of Circular 7/88 which sought to provide a 'general indication of the approaches likely to prove acceptable' (*ibid.* para. 106). Four hints were offered.

The first and, for this research, most important piece of guidance concerned what will, in later chapters, be referred to under the umbrella term 'additional educational needs' or AEN. Only one paragraph of Circular 7/88 was devoted specifically to factors such as 'special educational needs' and 'social deprivation'. Even then, no mention was made of other types of additional educational needs - such as the needs of ethnic minority pupils - which LEAs might have wished to take into account. In connection to special educational needs the circular pointed out that it was up to LEAs 'to determine the extent of variations ... between schools which should be taken into account in their formulae' (*ibid.* para. 115). For a definition of special educational needs, authorities were referred to the 1981 Education Act⁴, however there was no advice on how these needs could or should be measured. Concerning variations in social deprivation between schools, LEAs were left 'free' to take these and other AEN factors into account if they so wished. Again no DES guidance on measurement was provided.

The other pieces of guidance bear little relevance to this study. The Secretary of State advised that differences in teaching costs should form the basis of LEA calculations to establish weightings for different age-groups. LEAs were also advised that they could protect small schools for two reasons: in order to maintain

⁴ See Chapter 3 of this thesis for the definition of special educational needs.

the curriculum; and to compensate for higher than average staffing costs. And finally, the Secretary of State advised that whilst the costs of operating different school premises were, on the whole, closely related to pupil numbers, LEAs could include a specific premises component in the formula to compensate for differences in the area, type (e.g. split site), and / or the condition of school premises.

Basic formula structure

From the above, the basic formula structure, as envisaged by the Secretary of State, can be identified:

$$\text{AWPN} + \text{AEN} + \text{Premises} + \text{Small school}$$

Phasing-in formula funding

Local education authorities were required to have constructed a funding formula by April 1990 (1992 in inner London). But they were given the option of transferring from traditional resource allocation arrangements to formula funding gradually. A transitional period of four years was originally allowed (*ibid.* para. 127). For most authorities this meant that phasing-in would occur between 1990 and 1994; for inner London authorities the dates were 1992 to 1996. That said, authorities were entitled to shift directly to formula funding in 1990 (1992 in inner London) if they thought that feasible and desirable.

SUMMARY

Given the amount of descriptive detail delivered in this chapter, a brief summary, which draws out the key issues for this research study, is now provided.

The first part of LMS - self-management for schools - is of minimal importance here. It is only important in as much as the government's wish to see maximum delegation of responsibilities to schools led them to seek maximum delegation of funds to schools. In the government's analysis, delegated management creates the need for schools to have individualised budgets and the need for LEAs to adopt a financial allocation mechanism (as opposed to previously when the norm was a staffing allocation plus minimal 'capitation' funds).

The main concern for this study is the resource allocation regime created by LMS, and in particular the guidelines on formula construction. The limits imposed on LEA central spending are, again, of minimal importance to this study. It is sufficient to note that central government has forced the pace of financial delegation, and that financial delegation increases the importance of LEA formulae.

It is the third part of LMS - formula funding - which this study focuses upon from this point. The timetable for implementing formula funding was somewhat complicated, hence Figure 3 provides a summary of the schedule.

FIGURE 3: Timetable for introducing formula funding

Year	Month	Requirement
1989	September	Draft LMS schemes submitted to Secretary of State for approval / modification (except inner London).
1990	April	Introduction of LMS (except inner London). Phasing-in of formula funding begins.
1991	September	Inner London LEAs - draft LMS schemes submitted to Secretary of State for approval / modification.
1992	April	Inner London LEAs - introduction of LMS. Phasing-in of formula funding begins.
1993	April	Pupil-led funding to reach 80% ASB (except inner London). Review of LMS scheme, including the formula, to have been accomplished (except inner London)
1994	April	End of phasing-in period for formula funding (except inner London).
1995	April	Inner London LEAs - pupil-led funding to reach 80% ASB. Inner London LEAs - review of LMS scheme, including the formula, to have been accomplished.
1996	April	Inner London LEAs - end of phasing-in period for formula funding.

As has been detailed above, LEAs were ordered to develop ways of achieving an equitable allocation of money to schools. Equity was defined as a situation where schools receive resources according to their needs, but authorities were offered very little in the way of guidance as to how to construct equitable formulae. Much was left to local discretion, including decisions regarding:

- [a] The percentage of the ASB budget to be allocated on the basis of age-weighted pupil numbers;
- [b] The choice of which other factors to take into account, such as additional educational needs;
- [c] The relative financial priority to be given to these other factors [i] in comparison to each other, and [ii] as a whole compared to the AWP / pupil-led element;
- [d] How factors such as additional educational needs should be defined, measured and funded in order to secure an equitable allocation of resources.

Details of LEAs' solutions to the policy problems involved in securing equity in resource allocation are sought in this study. However for now, it is sufficient to reiterate that within the legal framework of formula funding, it is for LEAs to operationalise the concept of equity and pursue it as a policy goal. Moreover, there is obviously great scope for inter-authority variations.

CONCLUSION

The purpose of this chapter was to describe, in detail, the terrain in which my research study takes place. Hence, the Local Management of Schools policy as

specified in the 1988 Education Reform Act and subsequent ministerial guidance has been explained. The chapter highlighted both the constraints imposed upon, and the choices left open to, LEAs in implementing formula funding - a policy where the goal of equity is imposed. One particular choice relates to whether or not additional educational need factors are taken into account. To decide this, however, one presumably needs to know what is meant by 'need'. The next chapter considers the concept in more detail.

CHAPTER 3

NEED

INTRODUCTION

In Chapter 2 I spelt out the policy detail of LMS and formula funding. In particular, I highlighted the fact that LEAs were ordered to achieve equity in resource allocation. Equity was not defined in any great detail, but authorities were told that the allocation of funds should reflect differences in schools' 'objective needs'. Thus, the policy-maker's search for equity involves also the search for information and understanding on need. What guidance can the literature on need offer them about the concept?

This chapter reviews what is a huge, diverse and often baffling literature on need. I attempt to put myself in the position of a policy-maker seeking information about the meaning of, and also the practical operationalisation of, the concept of need. Thus, I plot a course through the literature dictated by the specific requirements of this study. First, I try and get to grips with the general concept of need. Then, I briefly and critically consider additional educational needs factors - social disadvantage, ethnic or racial disadvantage and special educational needs. Finally, I raise an issue which, despite appearing rather important in relation to practical

policy-making, does not seem to be adequately addressed in the academic literature on need.

NEED

The concept of 'need' sits alongside 'equity' in the social policy pantheon. Indeed, Bradshaw (1972: 640) even proposes that:

The history of the social services is the story of the recognition of social needs and the organisation of society to meet them.

True, need is a well-used concept. So many social policy decisions are made in its name, so much research utilises the notion, so much has been written about it. However, this does not necessarily mean that a definitive understanding of the concept has been reached. Rather, in reviewing the literature on need one confronts a massive and diverse, sometimes confusing and often plain contradictory collection of theories, statements and uses of 'need'.

Being 'in need'

What does it mean to be 'in need'? Plant (1980: 106) states that 'in all cases in which the verb ... "to need" [is] used there has to be a subject'. Hence, if individual *A* is to count as being in need, s/he must be in need of *something* (i.e. goods or services *B*) (Weale, 1978). But Plant, Lesser and Taylor-Gooby (1980: 27) add another condition:

A claim by *A* that *B* is needed is fully intelligible only when the purpose for which it is needed is exhibited, and from this it follows that for any claim to ... need to be intelligible, the end or purpose in question has to be specified.
(*adapted*¹)

Similarly, Frankfurt (1984: 3) states that ‘nothing is needed except in virtue of being an indispensable condition for the attainment of a certain end’. This line of argument is important if, as Plant (1980: 108) argues:

... the citing of needs is not by itself a justification for any kind of distribution ... It is only when the ends for which needs are articulated are brought into play and regarded as justifiable, that the appeal to need has any cutting edge.

Thus, the contention is that statements referring to needs must take what Harris (1987) labels an ‘essentially triadic’ form, namely ‘*A* needs *B* for the achievement of *C*’. Braybrooke (1987: *Chapter 2*) calls this *A-B-C* relationship the ‘relational formula of need’.

Means, ends and shortfalls

According to the literature, both *B* and *C* above can be referred to as needs, but of a different order - *intermediate* and *final* needs respectively. However it is perhaps best to view *B* and *C* as *means* and *ends* respectively: according to Taylor-Gooby and Dale (1981: 212), an intermediate need is ‘a way in which ... [to] satisfy some final need’, and a final need is a end ‘to which other activities are directed’. The

¹ For reasons of consistency, letters *A* and *B* are used rather than those originally used by Plant *et. al.* (*B* and *X* respectively).

basic message of the formula is that without *B* - what Doyal and Gough (1991) term the 'need satisfier' - individual *A* will not achieve objective *C*. If this is true, *A* is said to be experiencing a *welfare shortfall* (Knapp, 1984). A welfare shortfall is defined as a gap between a real state and a desired state, between what *is* and what (it has been decided) *ought* to be.

As noted above, the literature suggests that needs become evident through comparing 'is' with 'ought'. The 'ought' may take the form of an *optimal standard*; for example the definition of need offered by Knapp (*ibid.*, p.17) employs the rather abstract, ideal notion of 'well-being': 'A *need* is said to exist when there is the potential for improving the well-being of an individual'. Alternatively, a *minimal standard* may be employed, for example a 'poverty line'²: if income level is below that specified by the poverty line, the individual or household is classed to be in need. The use and implications of optimal versus minimal standards are issues discussed in detail by Doyal and Gough (1991, Chapter 6).

The use of this type of 'is / ought' comparison to detect need is a common but problematic approach. Minimum standards are relatively easy to define but tend to be disputed, whereas optimal standards are extremely difficult to define and use in practice. More importantly, differences in individuals' capacities or potential to achieve specified standards confuse the issue (Sen, 1985; 1987), especially since

² For a discussion of the use of poverty lines, see for example, Mack and Lansley (1985). Commonly used are poverty lines set at half the average income level (after taking account of taxes, benefits and housing costs, as well as adjusting for household size), or at income support level (see, for example: Oppenheim, 1993).

such differences are extremely difficult to measure (Forder, 1974: 42-3). Furthermore, it appears that the demands of the relational formula are not met. This is because intermediate needs are not specified. For example, an individual may be identified as 'in need' because their health state departs from a specified standard, but the process of comparing 'is' with 'ought' does not in itself yield information on what that person requires in order to improve their health; is it a better diet, damp-free accommodation, medical treatment, a change in behaviour, or what?

Bradshaw's taxonomy of need

A different form of 'is / ought' comparison leads to the identification of what Bradshaw (1972: 641) in his well-known taxonomy calls *comparative need* (see also: Clayton, 1983). Comparative need is identified when individuals deemed equals in some respect - they have the same medical condition, say - receive different levels of provision. This approach does appear to conform to the requirements of the relational formula - those in comparative need, it is clearly implied, need to receive whatever it is their equals are receiving.

Bradshaw's taxonomy also raises the issue of *who* may be involved in defining / identifying need. A distinction is drawn between *normative need* and *felt need*. Normative need is 'what the expert or professional, administrator or social scientist defines as need in a given situation' (*loc. cit.*). Needs defined in this way are very susceptible to change over time (as norms and values alter) and to dispute since the standards laid down by rival experts may well vary considerably due to differences

in their 'value-orientation'. Smith (1980: 69) develops a similar notion, suggesting that 'social need may be viewed as consisting in substantial part of the concepts and precepts of professional practitioners'.

Bradshaw's explanation of *felt need* is, I believe, unhelpful; in effect, he offers two definitions: *what people want*, and *what people feel they need*. Clearly it is possible to want something that is also needed, but it is also possible to want something without it being a need (and to need something without necessarily wanting it) (Doyal and Gough, 1991). Strictly speaking then, felt needs should be understood solely in terms of what people feel they need.

The fourth and final component of Bradshaw's taxonomy is *expressed need*. Expressed need arises when felt need is translated into active demands for goods, services or policies. For Nevitt (1977: 125-6), expressed need is the be-all and end-all of need:

"need" can only be a useful concept if it is equated to a demand by governments or individuals for goods and services.

Not all of us would agree with the economists on this.

Need, scarcity and priorities

Whether or not Nevitt is justified in this assertion, it is generally accepted that needs and demands outstrip the availability of resources. Thus policy-makers are

typically called on to undertake an 'ordering of need to determine priorities' (Jones, Brown and Bradshaw, 1983: 26). In so doing, they rely upon there being:

gradations ... between those things which are needed more and those which are needed less. ... A person without any food at all is more "in need" than someone who does not have food which is adequately nutritious, but it makes perfectly good sense to talk about both people as being "in need".
(Spicker, 1988: 6).

Spicker's point about gradations may be true, however Nevitt (1977: 127) is adamant that 'If needs are ... without price tags, there is little that social scientists can do with the concept'. This raises the possibility that priorities may be shaped not only by the severity of need, but also by a range of other contingent factors, not least the estimated cost of the 'satisfiers' for different types of need.

Analysts supporting the view put forward by Nevitt argue that details about cost, policy efficiency and / or policy effectiveness are required in order to assess the relative priority of different needs. Knapp (1984: 18) states the idea simply; need is a 'social cost-benefit judgement'. Davies is more specific: needs should be expressed as 'relative valuations of the welfare consequences of alternative interventions in relation to their costs' (Davies, 1977: 137). To achieve these relative valuations, not only the 'relationship between inputs and outputs', and the 'consequences for welfare of alternative allocations of physical resources', but also the 'relative prices of these resources' must be known (*ibid.*, pp. 140-1). There is little dispute that this is an extremely tall order.

Relative

The existence - or not - of a set of objective, universal final needs (goals which all must be able to achieve for physical and social survival) is an issue which has been widely discussed in the recent literature (see, most notably, Doyal and Gough 1984, 1991³; also Braybrooke 1987). However, most authors, either explicitly or implicitly, treat need as an inherently relative concept. This means that the goals which form final needs are determined by social norms and values, and shaped by factors such as time and place, physical environment (Goodin, 1990). Moreover, there is a general consensus that (regardless of the nature of final needs), the things which are required in order to satisfy needs (*i.e.* intermediate needs) are relative to conditions and culture.

In the literature, the relativity of needs is often discussed / explained in relation to issues of poverty and deprivation (see: Townsend, 1979; Doyal and Gough, 1991). For example, the research of Mack and Lansley (1985) establishes what the public deem to be necessities for people living in modern Britain. Many of these *necessities*, however, have only relatively recently become available to the general population⁴. Moreover, most of those things classed as necessities in contemporary Britain would be classed as either luxuries or inappropriate items in a poor, hot, developing country (*e.g.* some of the clothing necessities).

³ Doyal and Gough, for example, argue that all humans have a basic need to secure survival and health, as well as autonomy and learning. They also argue that a range of basic *societal* needs can be identified. These refer to the characteristics which a *society* must possess in order to facilitate the meeting of individual basic needs - *ie.* production, reproduction, culture / communication and political authority.

⁴ For example, possession of an indoor toilet, refrigerator and washing machine (see Mack and Lansley, 1985, *Table 3.1*, p. 54).

To go back for one moment to LMS and formula funding, it will be recalled that Circular 7/88 spoke of 'objective needs'. This is a term which is little used in the literature on need, but where it is used - for example in the work of Doyal and Gough - it denotes something qualitatively different to that which Circular 7/88 could possibly be referring to. What the Circular seems to do is confuse 'differences in objective needs' with 'objective differences in needs'. The former actually makes no sense in relation to formula funding because all the needs relevant to that situation will be relative. The latter, does make sense, and raises the kinds of issues about need measurement addressed in Chapter, 5 which discusses decision-making.

Normative by nature

As well as relativism, another key theme of the literature is that inherent in the concept of need is the imperative that needs should be met: 'the very concept, "need", implies judgements about interventions' argues Bebbington and Davies (1980a: 165), and Knapp (1984: 17) asserts that:

For whatever reason, be it moral, ethical, religious or political, we are saying that an individual not only has some identifiable need which can be removed, but that it *should* be removed. (emphasis in original)

Barry (1990: 77) offers an explanation for this:

What makes need-satisfaction of overriding importance is that the failure to provide it is morally equivalent to harming someone.

But this stance is hard to follow through into practice. Surely, the ability to satisfy a need is conditional on the availability of the need satisfier? For example, it is not clear exactly who is harming who if there are no kidneys available for those in need of a transplant⁵. Moreover, Barry attempts to explain why needs should be met without specifying whose responsibility it is to meet them. This is a contentious issue. For example, from different moral and political perspectives, care of the frail elderly may be defined as the responsibility of the state, the community, the family, women family members, or the individual concerned (via savings).

Need in practice

Need remains a widely used and widely supported concept in the activity of social policy. But how should it be employed in practice? A crude prescriptive model is offered by Knapp (1984: 18-22). To begin with, goals or objectives - the 'ought' - must be decided. Then, the existence of needs (in terms of welfare shortfalls) can be identified via comparison between what is and what ought to be. This leads on to an investigation into possible need satisfiers. Finally, there should be an evaluation of the likely cost and effectiveness of rival need satisfiers, which aids the policy decision.

Whether or not policy makers and researchers attempt to, or are able to, follow this model is a moot point; it certainly reflects an understanding of the policy-making process which is rationalist⁶ and uni-directional. Moreover, the model does not

⁵ Even if it were legislated that all cadaver organs could be used for transplantation - *ie.* maximum supply achieved - would this not cause some people and groups distress and hence harm?

⁶ Models of decision-making are discussed later in Chapter 5.

seem to offer much help at all to policy-makers who must decide how to *ration a set sum* of resources between rival *institutions*.

Or rather, the model only helps *if* we accept the economists' cost - utility model and *if* policy-makers have access to all the required data. These are very big ifs. Indeed, as later chapters will show there is precious little evidence of practice bearing even the slightest resemblance to Knapp's model.

Contention and confusion

Whilst it has not been the express purpose to do so, the brief literature review undertaken above does hint at the contentious nature of the concept of need, and of the many areas open to discussion even among its advocates. Can any goal be cited legitimately in need claims? How can the relative priority of different goals be assessed? To what extent does the relativity of need undermine the blanket assertion that needs should be met? Who, or which parties, should determine which needs are met and how they are met? Many taxing questions arise.

The review also illustrates some of the muddles which surround the concept of 'need'. Not least, there is no one usage or meaning of the term, 'need': it may be used as a verb or a noun; it may be used to refer to a goal, a condition or state, or a form of intervention.

In moving on to review a more specific literature, that on additional educational needs (AEN) factors, a further issue is confronted: that in practice needs are often inferred, rather than clearly identified or explicitly stated.

ADDITIONAL EDUCATIONAL NEEDS

Chapter 2 pointed out that LEAs are able to take needs into account by means of building an additional educational needs component into their resource allocation formula. AEN is an umbrella term covering three main areas of concern for policy-makers and researchers: social disadvantage, ethnic / racial disadvantage, and special educational needs. Each of these three areas is now briefly and critically reviewed, drawing on notable examples of relevant research.

Social disadvantage

A large and long-established literature exists to argue that children's educational experiences, opportunities and outcomes are significantly linked to factors associated with their social and economic circumstances, and that these inequalities create additional needs in the education system (see, for example: Glass, 1954; Plowden Report, 1967; Rutter and Madge, 1976; Halsey, Heath and Ridge, 1980; Essen and Wedge, 1982; Mortimore and Blackstone, 1982).

The most detailed and relevant evidence of the impact of social disadvantage upon education derives from two sources: analysis of National Child Development Study data (see, for example: Wedge and Prosser, 1973; Essen and Wedge, 1982); and

data accumulated by the ILEA's Research and Statistics branch in the process of operating an Educational Priority Index (EPI) to guide resource allocation. Here, ILEA's work is chosen for discussion.

ILEA's research into the social factors underlying educational inequality and low achievement began with the implementation of the recommendations of the Plowden Report (1967). From relatively crude beginnings, this work evolved into perhaps the most thorough and complex analysis in this area. Regular, mass surveys of pupils were undertaken, yielding data which recorded the extent of social disadvantage among pupils and the extent of cumulative disadvantage (*i.e.* where pupils experienced more than one disadvantaging characteristic), as well as educational performance data. Analysis then revealed statistical links between different social factors and pupils' relative achievement, and also yielded statistically derived estimates of the *degree* to which different combinations of social factors impacted upon pupil attainment. The latter two features are illustrated by the data shown in Table 1 below, which shows the relative likelihood of pupils affected by different social factors (and combinations of factors) being in the lowest Verbal Reasoning band (VR3) at age 11⁷.

⁷ All children were assigned to one of three VR bands at 10⁺ to facilitate a balanced entry group for all ILEA comprehensive schools.

TABLE 1: Percentages of secondary pupils with different combinations of characteristics in VR band 3.

<u>Combination of characteristics</u>	<u>% pupils in VR band 3</u>
No disadvantaging factors	10.8
Free school meals only	21.1
Large families only	13.0
Low social Class only	18.4
Disturbed behaviour only	35.8
Low social class and free meals	26.7
Low social class and large families	29.1
Free meals, large families and low class	31.8
Free meals, large families, low class and behaviour	55.7

(Source: ILEA, 1982: 9, 11)(*adapted*).

The value of these findings and the ILEA research is considerable, particularly in showing the impact of cumulative disadvantage upon pupils. However, I would argue that, as with the NCDS research, the ILEA findings actually reveal relatively little about need per se.

Final needs are not stated, but can be inferred. The implicit 'ought' is that overall achievement should be comparable across groups of children defined in terms of certain (combinations of) social characteristics. Since achievement patterns are found to vary across different groups of children, need is primarily defined in terms of welfare shortfalls.

But quite what inter-group comparisons reveal about individual children's needs is not at all clear. Need satisfiers - what it is that children with certain (combinations of) social characteristics (which may or may not generate needs) actually need if

they are to perform on a par with their non-disadvantaged peers - are not identified via the research process, nor are the potential costs incurred by schools in providing for, or adapting to the needs of the child. Research involved in the creation of major programmes in this field, and the evaluation of these programmes, has generated disappointing conclusions about the potential effectiveness of compensatory provision (see, for example: Coleman *et. al.*, 1966; Plowden Report, 1967; Halsey, 1972; Shipman, 1980).

Furthermore, there seems to be some degree of confusion between causal factors and proxy indicators of need, and also between *risk* of need and *presence* of need. Is it the social factors such as those listed in the table presented above which actually *cause* differences in educational performance? Or is it that the presence of these factors has been found to provide a good indication of where needs might arise (even though there is uncertainty about why these needs have arisen)? Clearly, in the table of ILEA data, the free meals factor is used as a proxy indicator - it would be foolish in the extreme to argue that receipt of a free dinner causes the pupil concerned to experience greater educational need. However, with other factors, such as 'large families' and also 'disturbed behaviour', it is not clear whether these factors are again used as indicators or are thought causal of pupils' need. Either way, the data presented above clearly demonstrates variety in the performance of pupils affected by the same social factors. Whilst pupils on free meals may be twice as likely as those with no disadvantages to be in VR band 3, it is still only one in five of the pupils on free meals which fall into this band.

The use of proxy indicators of need, and their pros and cons in practice, will be discussed further in Chapter 5.

Ethnic / racial disadvantage

The second main AEN factor - ethnic or racial disadvantage - overlaps considerably with social disadvantage. Again, needs tend to be inferred.

On the one hand, need may be inferred due to the higher levels of social disadvantage experienced by many ethnic minority groups, as compared to their white counterparts; thus Edwards (1995: 13) comments that 'greater incidence of disadvantage [often] turns the morally arbitrary criterion of race or ethnicity into proxy measures of social need'.

On the other hand, needs are inferred from evidence which shows inequalities in achievement between ethnic groups, with pupils from ethnic minority groups achieving less well overall than white pupils. The Swann Report (1985: 62), for instance, found:

- In all CSE and GCE 'O' level examinations 6 per cent of West Indians⁸ obtained five or more higher grades compared with 17 per cent of Asians and 19 per cent of 'all other leavers'
- At GCE 'A' level 5 per cent of West Indians gained one or more pass compared to 13 per cent of Asians and 13 per cent of 'all other leavers'

Swann concluded, in particular, that:

⁸ The term 'Afro-Caribbean' would now be more appropriate.

There is no doubt that West Indian children, as a group, and on average, are underachieving, both by comparison with their school fellows in the white majority, as well as in terms of their potential, notwithstanding that some are doing well
(*ibid.*, p.81)

In part, it is argued, these ethnic / racial inequalities are explained by the relative socio-economic position of different ethnic groups (Smith and Tomlinson, 1989; Swann Report, 1985; Archer, 1988). However, apart from general socio-economic factors, there are factors specific to ethnic / racial groups and their individual members, such as individual and institutional racism experienced by pupils for example, which may cause additional educational needs. The Swann Report (p.325) also talks of 'some' ethnic minority pupils continuing to have 'certain educational needs which may call for particular responses from schools', for example language needs.

As to how underachievement should or could be reduced, and additional needs met, the Swann Report had very few solid suggestions for policy:

We and many others offer views on where solutions lie, and it may be that society, mainly by hunch, will light on what prove to be the key ones
(Swann Report, 1985: 83)

As with the issue of social disadvantage, there are problems with inferences made in this way about the additional needs of ethnic / racial minority groups. There are also problems arising from the use of crude ethnic or racial typologies.

Research which abandons such a crude three-way ethnic breakdown (as used above), such as that of the ILEA (1990) and Jones (1993), reveals the presence of far greater, and more complex, variations / inequalities between groups - see Table 2 below. Such data complicates the inferral of need, not least because some ethnic groups are found to out-perform pupils from the white majority. Moreover, the more detailed the data comes to describing reality, the more difficult crude inferences are to support. For example, the introduction of gender as a variable in the analysis would serve to further complicate the picture of overall performance across groups and sub-groups (*ibid.*).

Also - and this point applies equally well to social disadvantage - the diagnostic value of aggregated data is questionable. Aggregated data clearly reveals differences in the mean performance of pupils in different (socio-economic or) ethnic / racial groups but masks the distribution (*i.e.* range and standard deviation) of outcomes within groups. It is, in theory at least, possible for low achievement to be a relatively more common phenomenon among a group with a relatively high mean than it is among a group with a lower mean.

Special educational needs

Special educational need (SEN) provides something of a contrast to the other AEN factors discussed above. First, this type of need is defined in law. Second, there is a duty on all schools and local education authorities to identify, assess and provide for the needs of pupils with SEN. Third, in discussing needs associated with social disadvantage, the units of analysis tend to be groups, not individuals. Strictly

TABLE 2: Highest qualification by ethnic group, 16-24 age group, 1988-90*Column Percentages*

	All origins	White	Total ethnic minority	Afro- Caribbean	African Asian	Indian	Pakistan	Bangladeshi	Chinese	African	Other/ Mixed
All persons (16-24)											
GCE A level/equivalent or higher	33	33	30	30	41	36	18	5	44	40	28
Of which: Degree/equivalent	4	4	5	1	13	6	2	2	12	5	7
Higher education below degree level	3	3	2	2	2	3	1	0	9	4	3
GCE A level/equivalent	26	26	22	26	26	27	15	3	24	30	18
Of which: BTEC (general)/ONC/OND	5	5	6	5	7	7	4	0	6	16	5
City and Guilds	10	10	7	12	7	8	4	0	4	7	4
GCE A level or equivalent	9	9	9	8	11	12	7	3	13	6	9
Trade apprenticeship	2	3	1	1	1	1	0	0	0	1	0
GCE O level/equivalent	30	30	25	28	20	25	18	16	31	30	31
CSE (not grade 1)	13	13	12	17	14	10	9	13	3	3	13
Other	3	3	5	3	7	5	5	10	5	8	6
None	21	20	27	21	18	22	48	54	15	7	20
(Never received any education)	0	0	2	0	1	0	8	5	0	2	0
Not stated/not known	1	1	2	2	0	2	3	1	2	2	2

(Source: Jones, 1993: Table 3.5, p. 49)

speaking special educational needs are individualised, and should not therefore be inferred from aggregate data on group performance.

Section 1 of the 1981 Education Act states that a child has special educational needs if s/he 'has a learning difficulty which calls for special educational provision to be made for him' (or her). As for the terms / concepts of 'learning difficulty' and 'special educational provision'⁹, Section 2 of the Act states that a child has a 'learning difficulty' if s/he 'has a significantly greater difficulty in learning than the majority of children' of the same age¹⁰.

Section 3 declares that 'special educational provision' refers to:

... educational provision which is additional to, or otherwise different from, the educational provision made generally for children of ... [the child's] age in schools maintained by the local education authority concerned

In defining special educational needs in this way, and by employing the concept of learning difficulty, the 1981 Act reflects to a great extent the recommendations of the Warnock Committee of Inquiry which reported in 1978. Warnock argued that the term 'educational sub-normality' be abandoned, as should be the practice of categorising children and their needs in terms of physical, mental or behavioural conditions (Goacher, Evans, Welton and Wedell, 1988).

⁹ Here, for the sake of brevity and clarity, the Act's provisions with regard to pre-school pupils and special school pupils are not presented.

¹⁰ There is one qualification to this general rule: difficulties arising because pupils have a home language other than English do not count as learning difficulties under the 1981 Act.

Overall, Warnock estimated that some 20% pupils would experience a special educational need sometime or other in their school years. It was also estimated that around 2% pupils would have such severe needs as to warrant a 'statement of special educational needs' - a document which states the child's learning difficulties and how his / her needs are to be met. However, given the inevitably contingent nature of special educational needs, and the fact that the key phrase 'significantly greater' was not precisely defined, these estimates should be taken with a pinch of salt.

Special educational needs are inherently relative (Welton, Wedell and Vorhaus, 1982) and determined by diverse factors: the child's difficulty in learning compared to his / her peers; the type, level and standard of support and provision available in the school; the amount of support and help provided in the child's home.

A child's special educational needs are thus related both to abilities and disabilities, and to the nature and extent of the interaction of these with his or her environment.
(DES, 1989: *para.* 17)

The impact on practice of the Warnock Report and the 1981 Act has been great and, most analysts would argue, generally positive. However, despite its definition in law, the concept of special educational need remains problematic.

Need is again identified via comparison, this time between pupils of the same age. But what is the reference group for such comparisons? Implicitly, the comparison is between all pupils nationally - pupils have a SEN if they experience 'significantly

greater' difficulty in learning than their peers. However, in operationalising need in LEAs and schools, it would appear that local comparisons would have to be made. Clearly, this raises the potential for inter-area and inter-school inconsistencies in the identification of need, despite the strictures of national law (Audit Commission, 1992).

Second, in trying to clarify the nature of final needs and welfare shortfalls, the circular nature of the definition of SEN (Goacher *et. al*, 1988) is confronted. The 'ought' seems to be that all pupils who need 'special educational provision' because they have a 'learning difficulty' due to experiencing a 'special educational need', receive the special educational provision that they need.

Third, as with the other AEN factors discussed above, need satisfiers are not inevitably identified via the process of identifying need. A pupil can be identified as having an SEN and being in need of special educational provision without the detail of that provision being stated, nor its likely cost.

IS IT ONLY INDIVIDUALS THAT HAVE NEEDS?

Thus far, I have been discussing need with constant reference to individuals, following the convention found in the literature. But this, I feel, has the effect of contaminating my own work, for this near exclusive focus on individuals is surely a notable weakness of the literature.

In the literature, there are cases where other units are referred to: for example, Doyal and Gough (1984; 1991) talk of *societal needs* and Davies (1968) refers to the needs of *areas*. However, to Doyal and Gough societal needs are directly related to the needs of individuals¹¹, and Davies is actually referring to the needs of an area's population simply added together. Thus, despite appearing to break the convention, these authors are still ultimately referring to the needs of individuals.

But are all needs reduceable to individual requirements? Can a unit of need satisfaction only satisfy one person's need at once? Is the need of a group of individuals the same as the sum of those individuals' individual needs? These questions are particularly pertinent to the process of ascertaining how resources should be allocated according to need. However their importance spreads beyond that specific context. I would argue that the lack of consideration of these issues is a major failing of the mainstream literature on need.

For now, I cannot plug the gaps I have identified. However, I can at least put forward a line of argument and pose further questions which others might fruitfully address. Consider, for example, institutional need as opposed to individual need.

I will take the unit of a school to illustrate my points. Among other things, a school requires heating in the winter. Obviously individual pupils and staff could be said to need warmth in which to work; children would not be expected to attend an unheated classroom on a freezing winter's day. However, it would seem that

¹¹ See footnote 3 above.

the necessity of heating is likely to be the same regardless of whether the room is used by four or forty pupils. This being the case, there are reasons to suggest that a school's need for money to buy fuel might not rise in direct proportion to the numbers of pupils attending it, and perhaps should not be viewed as simply an aggregation of the needs of individual pupils attending it. Hence, although each child has a need of n , the need of the school is not necessarily as great as n multiplied by the number of pupils on the school roll. However, if the school is suffering from falling rolls, it may be that the school's need is actually higher than n times the number of pupils.

Thus, it does not seem illogical to discuss the need of units other than individuals or aggregations of individuals, or to argue that needs are not always simply additive. But whether the argument I have pursued with reference to heat can be extended to cover other types of need, such as additional educational needs factors, is again an issue which does not seem to be explicitly addressed in the literature on need.

Moreover, practical policy issues relating to the aggregation and disaggregation of need, the potential of need satisfiers (*i.e.* a good or service) to meet more than one individual's need at the same time, and the relative efficiency and effectiveness implications arising when one good or service is expected to meet multiple or diverse needs simultaneously (as a teacher is, for example, in meeting the diverse needs of pupils in a class) are rarely discussed. Doyal and Gough (1991:233) provide a notable exception to this general rule in briefly discussing the examples

of malaria eradication teams and vaccination teams. But one of my concluding remarks in Chapter 14 is that these are areas and issues ripe for future research in the field of education and more generally. For the present, how or indeed whether local education authority policy-makers recognise and confront such issues will be seen later.

CONCLUSION

The relational formula - *A* needs *B* for the achievement of *C* - is an intuitively appealing means of understanding the concept of need. And the urgings of Nevitt, Davies and others to add price tags to, and analyse the policy effectiveness of, need satisfiers seem to constitute good advice. However, in academic, political and professional discourse, it appears that needs are not always and perhaps not even usually discussed in these ways (Weale, 1978: 68; Taylor-Gooby and Dale, 1981: 211). For example, Edwards (1987: 104) observes that:

... calls for 'more', 'extra', or 'additional' resources ... tend to be the social administrator's equivalent of Pavlovian salivation. Ring the 'most deprived' bell and out pours the 'extra resources' response. Rarely, if ever, is it explained what the resources should be extra to or why they are required.

Indeed, consideration of the additional educational needs factors of social and ethnic / racial disadvantage showed that need tends to be inferred from differences in group achievement, and that needs can be - and are - able to be identified despite

the absence of information on need satisfiers. The latter was also found in relation to special educational needs.

So much - for the time being - for one of the key concepts in social policy: need. Chapter 4 now switches attention to a second key concept, that of equity. LEAs are commissioned to achieve equity, but what does this mean?

CHAPTER 4

EQUITY

INTRODUCTION

Under LMS, LEAs are ordered to achieve equity in their allocation of resources to schools. But what is equity? This chapter turns to the academic literature in search of answers. In so doing, much is learned about this key concept in social policy. But the literature is as good at generating confusion and ambiguity, as it is at spreading enlightenment. Authors often do not clarify what they mean by ‘equity’, and when they do, or the meaning can be inferred, a whole range of distinct applications or interpretations of equity are discovered, which carry different implications for policy and analysis. Moreover, the literature pays little attention to how or why these different versions of the concept arise, and offers no suitable means of sorting them.

Therefore, in this chapter I not only seek to review the literature on equity but also to add to it. I first illustrate just how tricky and confusing it can be to try and clarify what ‘equity’ means by referring to other concepts, such as justice and equality. To avoid this confusion, I go back to first principles and identify the key issues pertaining to equity. In this way I am able to explain the meaning of equity drawing on theoretical / conceptual analysis, rather than relying on colloquial usage

of the term. I am also able to show how and why different versions of equity occur, and develop a method by which to distinguish between them (which I will use in later chapters in analysing LEA allocation formulae). I argue that we should think in terms not of equity, but of *equities* in recognition of the diverse meanings and implications of these versions. I also argue that equity is a broader and less specific concept than colloquial usage might lead us to believe.

EQUITY et. al

If policy-makers were to turn to the academic literature in search of clarity over equity, they would immediately confront problems of terminology. These problems arise in a number of ways. First, there is no general consensus about the meaning of ‘equity’. Partly as a result of this, there is no consensus about whether ‘equity’ means the same as, or something different to, other key concepts such as ‘justice’, ‘equality’ and ‘fairness’. Additionally, authors sometimes, but not always, distinguish between different types of ‘equity’, different types of ‘justice’ *etc.*. Moreover, if this occurs, authors do not always make the same types of distinctions or use similar terms to denote what is in effect the same type of distinction. Finally, authors sometimes display a promiscuous use of terminology, inasmuch as key terms are used as if their meanings are given, uncontested and hence not requiring clarification.

To illustrate some of these problems first consider the work of four eminent authors - Aristotle, Rawls, Le Grand, Titmuss - and the relationships they posit between equity and justice, equity and fairness, and fairness and justice. Aristotle (1976, *Book Five*) meant something specific by 'equity' - the rectification of injustices caused when exceptional cases are not adequately covered by general laws. He thus saw equity as:

- [a] better than one type of justice, namely 'legal justice', which simply involves the consistent and impartial application of general laws;
- [b] not better than another kind of justice, namely absolute justice; and
- [c] a form of justice in its own right, since it involves the rectification of injustices.

Rawls (1971) considers many Aristotelian ideas, but rarely uses the term equity. Moreover, he develops a *Theory of Justice* which embodies issues of liberty and aspects of utilitarianism. Le Grand (1991: 8-9) points out that, seen in these terms, equity and justice carry distinctly different meanings. Yet Le Grand himself opts to treat the terms as synonyms (*ibid.*, p. 11).

Going back to Rawls', his is a theory of 'justice as fairness' (see: Rawls, 1971, *Chapter 1*), and Titmuss (cited in: Abel-Smith and Titmuss, 1987: 222) categorically states "'Equity" I define as "fairness"'.

Thus Aristotle treats equity as a type of justice, something different and better than another type of justice, and something different but not better than yet another type of justice. Rawls develops a theory of justice which seems unrelated to issues of equity, but is related to fairness. For Titmuss equity means fairness. But Le Grand argues that Rawlsian justice cannot be treated as the same as equity.

Now consider the relationships authors have posited between equity and equality. To Sen (1992), equity is one specific type of equality (and hence a form of egalitarianism). Others, on the other hand, appear to treat equity and equality as synonyms: what Le Grand (1982) once referred to as 'five types of equality', he later, in the company of others, calls 'interpretations of equity' (Evandrou, Falkingham, Le Grand and Winter, 1992). However in *Equity and Choice* (Le Grand, 1991: 11) the same author states:

Debates on distributional issues are often confused by a failure properly to distinguish between equity and equality. ... the two concepts are in fact quite distinct. Equality of various kinds may be advocated for reasons other than equity; equitable outcomes may be quite inequalitarian.

If equitable outcomes can be inequalitarian then how can equity be a type of equality? And if equity and equality are 'quite distinct' then how can 'types of equality' be 'interpretations of equity'?

Finally, consider a range of justice-related terms authors use to refer to versions of the concept of equity and some of the confusion that arises. These terms are:

‘social justice’ (Barr, 1987: 427; Curtis, 1989: 4), ‘distributive justice’ (Messick and Cook, 1983), ‘territorial justice’ (Davies, 1968), ‘legal justice’ (Aristotle, 1976: 198-200), and ‘formal justice’ (Rawls, 1971: 58).

However, whilst these are all used as synonyms for equity, they are not necessarily seen as synonymous to each other. For example, both Barr and Curtis explain the meaning of equity by referring to the concept of social justice, and Davies’ territorial justice is clearly a form of equity. But, to Davies at least, territorial justice and social justice are distinct from each other. Davies (1968: 16) states ‘Territorial justice is a necessary condition, but not of course a sufficient condition, for achieving social justice’, since a ‘just’ allocation between areas does not ensure a ‘just’ allocation between individuals.

These brief excursions into the literature highlight not only some of the difficulties involved in discussing equity, but also provide the first indications of the diversity of forms which the concept of equity can take. This diversity arises because at the heart of the concept of equity lie two propositions, rather than a single idea, and because both propositions are imprecise.

CORE PROPOSITIONS

I would argue that the only way to develop a clear understanding of what equity does and does not mean is to begin with its core propositions, the issues they

specify and the areas they leave vague. In this way, I am able to both clarify the concept and also show its complexity.

What are the core propositions of equity?

First, 'equity' is used as shorthand for the principle that 'equals be treated equally, and unequals unequally' (Barry, 1965: 152). Issues relating to the first half of the demand - equal treatment of equals - are commonly referred to as those of *horizontal equity*, and issues relating to the latter half - unequal treatment of unequals - those of *vertical equity* (see, for example: Barr, 1987: 427, 431; West, 1981; Knapp, 1984; Plotnick, 1982).

Second, 'equity' is also used as shorthand for the principle 'to each X according to its Y ' (Elster, 1992: 22, *adapted*)¹ where X refers to the units which are classed as eligible to receive shares of the resource being allocated and Y refers to some characteristic or quality of the units, for example need. More accurately, Y refers to a measure of the characteristic or quality, *e.g.* amount or degree of need. By inference, there is also a ' Z ' somewhere in the equation, standing for a resource to be shared out between the eligible units according to relative measures of Y . By referring to the characteristics or qualities of rival units as 'inputs', Adams (1965) expresses equity in the form of a prescriptive equation:

¹ Typically, this principle is stated in different terms, such as 'to each according to his need' or 'to each according to his merit', *etc.*. However this is unsatisfactory for two reasons: (male) individuals are not the only units to which allocations are made; and need and merit are only two of a range of criteria which can be used in considerations of equity.

$$\frac{\text{outcomes A}}{\text{inputs A}} = \frac{\text{outcomes B}}{\text{inputs B}}$$

In both of these core propositions, issues of comparison and consistency are central. However, a difference in emphasis is evident, which can be reflected in terminology (Blalock, 1991).

The emphasis in the second proposition is more on outcomes - *i.e. what share* rivals should receive - hence the term *outcome equity*. Outcomes would be classed as horizontally equitable if units defined as equals receive the same. Outcomes would be classed as vertically equitable if differences in the shares received by rival units are explained by differences in their *Y* factors.

The emphasis in the first proposition is more on procedures - *i.e. on treating* equals equally and *treating* unequals unequally (Goodin and Le Grand, 1987: 7). Hence the term *procedural equity* is used to refer to when equals are treated equally and unequals unequally. Strictly speaking, however, two separate aspects to procedural equity may be identified.

The first concerns how the rules² governing an allocation are *applied*. In this context, procedural equity denotes a situation where the rules are impartially and consistently applied. Aristotle (1976: 198-200) uses the term 'legal justice', and Rawls (1971: 58) 'formal justice', to cover this aspect of procedural equity.

² Not all allocations are governed by 'rules' in the strict sense of the term. However, since formula funding is a rules-based allocation policy rather than one reliant on individual discretionary decisions, the discussion will be restricted to allocations which are rules-based.

The second aspect of procedural equity concerns the *nature* of the rules governing an allocation, rather than how they are applied. For rules to be horizontally equitable by nature, they would have to ensure that units defined as equals are treated in the same way. For rules to be vertically equitable by nature, they would have to ensure that units are treated in different ways according to differences in their *Y* factors.

Thus, examination of the core propositions provides the first evidence of the plurality of applications enjoyed by the concept of equity. Equity can be examined in relation to:

- [a] the nature of rules governing an allocation;
- [b] the application of those rules; and
- [c] the nature of outcomes resulting from an allocation.

Issue [b] is in many ways distinct from the others. If the allocation rules are known, this aspect of procedural equity can be analysed in a *value-free* way. Barry (1965: 152) makes this point by stating:

The advantage of appealing to 'equity' is that ... one can derive results from it without having to bring in any independent criteria at all; they may instead be found within the system to which the principle of equity is being applied. ... All that is needed is a sharp eye for inconsistency.

Scanning the literature, many analyses of equity / inequity in the application of rules can be found. These predominantly focus on the allocation of services or opportunities, rather than money, however they merit a brief mention. In particular, issues of racial discrimination have provided a fertile area for research. MacEwan and Verity (1989), for example, studied the allocation of local authority housing in Edinburgh, and found that black tenants had been subjected to unlawful discrimination - *i.e.* forms of discrimination proscribed by law and hence not intended according to the local authority's rules for allocating tenants to council accommodation. Issues of racial discrimination in the health service (Cox and Bostock, 1989) and employment (McIntosh and Smith, 1974; Brown and Gay, 1985) have also been examined.

Whilst relevant and important to studies of service delivery, and particularly important where decision-makers are granted discretion in the interpretation of rules, this aspect of procedural equity will be considered no further in this research. Legal controls and the policy framework of LMS ensure that, once agreed, the rules embodied in LEAs' funding formulae are consistently and impartially applied. For this reason, in what follows the term procedural equity will refer solely to issues related to the nature of allocation rules and not their application.

Hence, the discussion now focuses on issues [a] and [c], which refer to the nature of rules governing an allocation, and the nature of outcomes resulting from an allocation. This provides further evidence of the plurality of forms which equity can take.

EQUITIES

The core propositions of equity prescribe certain relationships between equals and unequals, and between inputs and outcomes. However, the propositions are short on detail. In reality equity is a less exact concept than many assume. A range of authors (Titmuss, cited in Abel-Smith and Titmuss, 1987: 225; Blalock, 1991: 29; Le Grand and Robinson, 1976: 9; Le Grand, 1991: 71; Weale, 1978: 28) have asked the following:

- [a] What is meant by treatment?
- [b] Who or what are 'equal', 'unequal', and why, *i.e.* what are the *X* units?
- [c] Which characteristics or qualities (*i.e.* *Y* factors) are to be taken into account?
- [d] How unequally should unequals be treated?

Many different answers to these questions are possible, as will be illustrated below. And it is argued here that different answers create a variety of distinct versions of the equity concept, or *equities*. Differences between *equities* arise in three main ways.

Focal variables

First, different types of characteristics - *Y* factors - can be chosen. To explain, what Sen (1992: 2) writes of equality and inequality is equally applicable to issues of equity / inequity:

Equality is judged by comparing some particular aspect of a person ... with the same aspect of another person. Thus, the judgement and measurement of inequality is thoroughly dependent on the choice of the variable ... in terms of which comparisons are made. I shall call it the 'focal variable' - the variable on which the analysis focuses, in comparing different people.

Equities can and do utilise a range of different focal variables. For example, influenced by the work of Aristotle, many authors discuss equity in relation to desert (see: Deutsch, 1975; Goodin and Le Grand, 1987). Recently, Le Grand (1991) has developed a version of equity which utilises two, related focal variables - choice and constraint. He states:

Define the factors beyond individual control as *constraints*. These constraints limit the range of possibilities over which individuals can make their choices. Define the set of possibilities bounded by the constraints as the *choice set*. Then, *a distribution is equitable if it is the outcome of informed individuals choosing over equal choice sets* (*ibid.*, p. 87) (italics in original).

Then there is the focal variable of need. To Titmuss (cited in Abel-Smith and Titmuss, 1987: 222) the achievement of equity demands that individuals 'in like circumstances of need ... should be treated alike in ... spheres of social and economic life'. And Davies (1968: 16) refers to 'the most apparent appropriate distribution between individuals' being 'to each according to his need', and 'the

most appropriate distribution between areas' being 'to each area according to the needs of the population of that area'.

Rarely do analysts acknowledge the potential or actual diversity of focal variables, but Le Grand (1982) and Mooney (1982) offer notable exceptions to this rule. For example, analysing policy and practice in health, Mooney identifies seven versions of equity:

- [a] equality of expenditure per capita
- [b] equality of inputs (resources) per capita
- [c] equality of input for equal need
- [d] equality of (opportunity of) access for equal need
- [e] equality of utilisation for equal need
- [f] equality of marginal met need
- [g] equality of health

Conducting a more general evaluation - of the post-war 'Strategy of Equality' - Le Grand identifies five 'interpretations of equity'³ which employ focal variables of public expenditure, final income, use, cost and outcome.

Such typologies enable interesting analyses to be undertaken. Unfortunately, however, they are woefully inadequate as tools for those wishing to analyse manifestations of equity in practice, as I do in this study. They provide an

³ As noted earlier in this chapter, what Le Grand once referred to as types of equality, he later called interpretations of equity.

incomplete map of colloquial usage, have no conceptual or theoretical base, and simply cannot cope with the diversity of versions of equity which are possible.

Thus, the first way in which differences between equities arise relates to the choice of focal variable. These differences are potentially very important - they can create very different versions of equity. As Plant, Lesser and Taylor-Gooby (1980: 63) point out, an allocation equitable according to measures of desert would be unlikely to correspond to an allocation equitable according to measures of need. Moreover, the versions of equity in health identified by Mooney clearly vary in both their desirability, feasibility and distributional impact if used to provide a goal in resource allocation.

Focal units

While focal *variables* are the *Y* in the proposition 'to each *X* according to its *Y*', focal *units* are the *X*. The second way in which differences between equities arise relates to the choice of focal units. Whilst it appears to be a convention among authors to phrase discussions of equity almost exclusively in terms of individuals, a range of different focal units can be and, crucially, are employed in versions of equity. Focal units may be individuals, institutions, areas, social groups, *etc.*.

For example, Davies (1968) has defined and assessed equity across geographical areas in his study of 'territorial justice'. Davies defined territorial justice as follows:

a situation in which there is a perfect positive correlation between indices of standards of provision and [an] index measuring the relative needs of each area for the service, the relative inequality of the standards indices being the same as that of the index of relative needs.

(*ibid.*, p. 39)

The work of Le Grand (1982) also illustrates the use of alternative focal units in social policy analysis. Despite constantly referring to individuals, Le Grand actually uses social and income groups as the focal units for his analysis of the impact and utilisation of welfare state policies. Using different types of social and income groups in different parts of his analysis, he concludes:

... equality, in any sense of the term, has not been achieved. In all the relevant areas, there persist substantial inequalities ... Moreover, in some areas (though by no means all) there is evidence to suggest that the policies concerned have failed even to reduce inequality significantly.

(*ibid.*, p. 4)

What is not clear, is why Le Grand employed the particular focal units which he did; he does not assess whether conclusions would have been similar or different if alternative units had been employed. This is an important issue since choice of focal unit may have serious implications for policy and analysis. For example, Barnes and Lucas (1974) conducted a complex statistical analysis which showed that resource allocation policies aimed at meeting the needs of individual schoolchildren, but which rely on measures of pupils' needs aggregated to the level of the school, may be seriously flawed. Studying the inner London Educational

Priority Area, Barnes and Lucas found that the majority of children in need⁴ did not attend those schools deemed the most needy and hence deserving priority in the allocation of resources. Indeed, for every two pupils in need who attended prioritised schools, there were five pupils in need who attended non-prioritised schools. And even within the prioritised schools, for every three children in need there were four who were not.

Such evidence suggests that although *equities* with different focal units are, in a sense, variations on a theme, it pays to view them as potentially discrete forms. Also, it can be seen that the literature discussing equity is perhaps more diverse than at first realised, and that authors writing about equity are less clear than they perhaps could be in stating their reasons for choosing particular variables and units, and the implications of their choices.

Input-outcome relationships

Two ways in which equities are differentiated have so far been identified. The third way relates to the relationship between inputs and outcomes. What form of relationship denotes equity? There is a general presumption in the literature that equity demands that as measures of a unit's focal variable increase, their entitlement to whatever is being allocated should increase also. Hence if we look at equity according to need, then the presumption is that if *A* has needs which measure 10 on some scale, and *B*'s needs measure 100, then *B* should receive more

⁴ In this case, children in need were defined as those at risk of being socially disadvantaged.

than *A*. Two observations are relevant here, and the example of *A* and *B* will be retained for making them.

First, a minor point: the prescription that *B* receive *more* than *A* is not to be found in the core propositions of equity; strictly speaking, all that the core propositions require is that *B* receives a different amount to *A* because they have different levels of need.

Second, even if it is accepted that those with greater needs should receive more than those with lesser needs, it is unclear *how much more* the former should receive to secure equity. For example, *B* may be *ten times more in need of food* than *A*, but does this necessarily mean that s/he should receive *ten times more food*? Or would twice the amount of food allocated to *A* satisfy *B*'s needs?

In relation to this issue, Davies' classic study (mentioned above) has been criticised for prescribing that only a linear relationship between needs and provision denotes justice. Boyne and Powell (1991: 267-8) question whether 'the rate of response of provision to an extra unit of need must be the same whatever the level of need'. Moreover, Doyal and Gough (1991) - exploring these issues further in relation to health - note that although:

... a particular level of satisfaction of each intermediate need is required if human health and autonomy are to be optimised ... beyond that point no further additional inputs will improve basic need satisfaction. For example, the ratio of doctors to patients is positively associated with certain measures of survival in low income countries, but not in high income countries. this suggests that the effect of quantity of medical provision on physical survival reaches its asymptote at some intermediate level.
(*ibid*, p. 162)

Whether a linear relationship between input factors and outcomes is required for the achievement of equity is debatable. Looking to the literature, no general rule is found which legislates on these matters. Rather, analysts and policy-makers must, and do, create their own rules given the knowledge, skills, empirical data and assumptions at their disposal. Given that allocations in social policy typically involve tens or hundreds of rival units, rather than just two, and that more than one type of need will often have to be taken into account at one and the same time, this appears to constitute an extremely complex task.

Thus three ways in which different versions of equity or equities arise have been considered: different focal variables may be employed in equity considerations; so may different focal units; and diverse relationships between inputs and outcomes may be chosen.

Marking out the essential elements of equity in this way yields a useful tool, not only as an aid to showing the diversity of forms that equity can take, but also as a means by which policy-makers' versions of equity can be compared and contrasted.

EQUITIES - ANALYTICAL TOOLS AND POLICY GOALS

Earlier it was stated that the concept of equity can be used in different contexts, namely in matters relating to the nature of rules governing an allocation; the

application of those rules; and the nature of outcomes resulting from an allocation. But there is a further distinction to be drawn concerning the use of equities in these contexts.

Equity is commonly referred to as 'a goal relating to the way in which resources should be distributed or shared' (Barr, 1987: 427). Indeed, Le Grand (1991: 1), Le Grand and Robinson (1984: 1-2) and Bebbington and Davies (1983) are among those who identify the achievement of equity as a primary social policy objective. Given the diversity of forms that equities can take, such blanket statements must be called into question; I cast doubt on the value of imposing 'equity' as a goal of policy in my final chapter.

Even when there is clarity and agreement about goals, policy-makers and researchers are not necessarily out of the woods.

This is because conceptions of what do or should constitute equitable procedures, and what do or should constitute equitable outcomes, may exist in isolation from each other. Cohen (1986: 21-2) discusses this same issue of the links between means and ends in relation to *just* procedures and outcomes; there seems little reason to suppose equity is less problematic in this respect.

Thus policy-makers may be able to agree that a certain distribution of resources achieves their goal of equity of outcomes, but have little idea about which procedures would result in those outcomes. Alternatively, policy-makers may

agree on what constitute equitable procedures - *i.e.* agree on which focal variables and focal units to employ, and what type of relationship between inputs and outcomes seems appropriate - but find that the outcomes resulting from those procedures do not seem appropriate. Whether such problems arise in practice, and if they do, how they are resolved, are matters which appear to be ignored in the literature on equity, but are discussed in this study.

Versions of equity are not only used as goals, however. They can be, and are, also used as analytical tools *i.e.* as a means by which to assess policy and practice. This was shown above, in considering the work of Le Grand (1982). Here, however, the focus is specifically on the resource allocation process and not on the general use of equity as an analytical tool in social policy analysis.

There is a relatively small literature in which the nature of allocation rules is analysed, from which to draw illustrations. DHSS (1976) and West (1981) have analysed the procedures and information which would be required to construct an 'ideal' method of determining budgets for health service regions. Senior (1991), after critically analysing the method by which the Department of Health calculates 'deprivation payments' for GPs (*i.e.* the Jarman Underprivileged Area Index), proposes a more 'sensible' and 'fair' alternative. Campbell, Radford and Burton (1991) have done much the same. And as a final example, a pair of articles by Bebbington and Davies (1980a, 1980b) discuss the theoretical underpinnings and practical application of 'a method of determining an equitable pattern of expenditure on the elderly so as to provide a standard level of social service

provision between local authorities' (Bebbington and Davies, 1980b: 433). In these studies, it is relatively rare to find authors explaining why they chose the focal units and variables which they have used.

Examples of analyses of equity / inequity in the application of rules (in particular referring to racial discrimination) were offered above in an earlier section of this chapter. It was pointed out that, if allocation rules are clearly stated, a value-free form of analysis is said to be possible.

To be able to analyse issues relating to the outcomes of an allocation, the analyst must hold, or develop, an opinion as to what constitute equitable procedures or equitable outcomes. This may be a very difficult task; as noted in the section above, deciding who should get what across hundreds of eligible units appears to constitute an extremely complex task. Once a picture of desired outcomes has been established however, comparisons can then be made between existent outcomes and their 'ideal' counterparts. The studies of outcomes by Davies (1968), mentioned above, is a prime example of this type of analysis. Many have followed a similar approach⁵.

The relevance of this distinction - between analytical tools and goals - is clarified when the circumstances of LMS and formula funding implementation are considered. There is much potential for conflict between equities. This is due to

⁵ In relation to health: Forster (1979); Powell (1986); Evandrou, Falkingham, Le Grand and Winter (1992). In relation to education: Danziger (1978); Howick and Hassani (1980); Jesson, Gray, Ranson and Jones (1985). In relation to personal social services: Boaden (1971), Bebbington and Davies (1982). In relation to housing: Danziger (1978).

the accommodating nature of the equity concept - there is scope for different parties to create, seek to achieve, and analyse achievements in relation to, quite different versions of equity. The fact that versions of the concept of equality, or *equalities*, could conflict with each other was undoubtedly the most important finding to emerge from the research of Rae (1981), whose conclusion states:

Intellect resists equality by counterpoising rival ideas such as efficiency, freedom, and order. Actuality is smarter, for it chooses the one idea that is more powerful than order or efficiency or freedom in resisting equality. That idea is, of course, equality itself. (*ibid.*, p. 150)

It appears that equities might also be able to conflict with each other in this way; whether they in fact do will be seen later.

CONCLUSION

Authors often refer to equity as an essentially contested concept, but in so doing they are usually only offering a platitude. The complexity and problematic nature of the notion is usually inadequately explored; not many stop to analyse the concept itself, most just use equity, typically uncritically.

In this chapter I have sought to develop our understanding of equity - what it does, can and does not mean. I have emphasised that there is very little prescriptive detail at the heart of the concept of equity, but that by adding detail to the core propositions myriad versions of equity - *equities* - can be created. I have shown

how versions of equity - *equities* - arise, what distinguishes them, and also how they can be and are used, both as analytical tools and policy goals. Moreover, I have further argued that the immense scope for divergent interpretation that equity offers to policy-makers may generate confusion and conflict.

Finally, this chapter and the last have served to indicate that policy-makers ordered to achieve equity according to need face a considerable challenge. They must presumably interpret both need and equity, decide what they want to do, and discover means of doing it. But is this how policy-making proceeds in practice? The next chapter considers policy-making in more detail.

CHAPTER 5

THEORY AND PRACTICE IN DECISION-MAKING

INTRODUCTION

This research is not a study of decision-making *per se*; neither an anthropology nor a pathology of policy-making is attempted, no new theories or models generated. However, if there are factors and problems to do with the *process* of decision-making which influence the solutions policy-makers adopt in the search for equity, these are obviously important considerations. Therefore, models and theories of decision-making are reviewed below, with the aim of providing information which may prove helpful in making sense of the empirical findings presented later. Traditionally, two models of decision-making - rationalism and incrementalism - have cornered the market. These are briefly reviewed below. Then, the so-called 'garbage-can' model of decision-making is considered. The latter model, along with incrementalism, have much to offer in terms of explaining real decision-making. The final part of the first section of this chapter discusses the notion of 'bottom-up' policy-making.

The other concerns of this chapter are to illustrate and discuss the practical issues and problems faced in decision-making, in particular drawing on sources which

elaborate upon processes of resource allocation, formula and needs index construction, and the use of indicators as proxy measures of need.

MODELS OF DECISION-MAKING

The rationalist model

Rationalist models of decision-making come in a number of forms, serve diverse purposes, and have been roundly criticised. Both Ham and Hill (1984) and Hogwood and Gunn (1984) provide a critical discussion of rationalist (and incrementalist) models of decision-making.

Based on the work of Simon (1957), an *ideal* model of rational decision-making has been concocted. This portrays decision-making as a process which begins with the thorough analysis of current and future problems; involves the identification and then comprehensive evaluation of *all* policy options; and results in the adoption of solutions which are optimal given the values of the decision-making body (Hogwood and Gunn, 1984: 45).

The ideal-type model is of little use to those seeking a description of practice or even a feasible prescription for practice. But Simon would argue that it must be understood if sense is to be made of practice since it is his belief that decision-makers constantly strive to act according to the ideal even though circumstances limit their ability to do so. These limiting factors may be general and insoluble or

situational, either endogenous or exogenous to the individual decision-maker: constraints on time and resources, lack of consensus over goals and values, and organisational obstacles caused by the division of labour, etc. (see: Hogwood and Gunn, *ibid.*, pp. 50-1; Ham and Hill, 1984: 77-9; Simon, 1982: 161-2). Most restricting, however, are problems relating to the quantity and quality of information that decision-makers have access to (Simon, 1957: 40-1), and the issue of what constitutes 'fact' (Smith and May, 1980; Wildavsky and Tenenbaum, 1981). As March (1978: 589) argues, given current knowledge even so called 'rational choice' inherently involves a significant degree of guess-work, in particular 'guesses about future consequences of current actions and guesses about future preferences for those consequences'.

Aware of these factors, but still working to the assumption that decision-makers strive to be rational, Simon (1957, 1982) proposes that decision-making practice is best described as a process of *bounded rationality*¹. His claim is that in conditions where endless options for achieving objectives cannot be collated and individually evaluated, and where incomplete information is available, decision-makers engage in 'satisficing', *i.e.* they 'develop decision procedures that are sensible, given the constraints, even though they might not be sensible if the constraints were removed' (March, 1978: 590).

Despite these concessions, bounded rationality remains problematic as a description of practice. In particular, there remains a built-in assumption that the

¹ A somewhat similar notion - *limited rationality* - is developed by March and Simon (1958).

evolution of decisions begins with the statement of explicit goals and thereon follows a straight path through discrete, consecutive stages. This assumption is challenged by many analysts (*e.g.* Kingdon, 1984; March, 1978), not least those who have constructed alternative models and theories to describe decision-making processes (Lindblom, 1959; Cohen, March and Olsen, 1972).

If decision-making in relation to formula funding and AEN were to proceed according to the rationalist model, it would be expected to have the following features: clear statement of goals, including a detailed picture of desired outcomes; rigorous appraisal of means (possible within constraints) by which to achieve goals; a clear decision about which option to pursue.

The incremental model

Advanced both in criticism of idealistic rationalism and as an alternative and better means of describing practice than bounded rationality, *incrementalist* models depict decision-making as a process of 'muddling through'; of policy-makers pursuing marginal changes to pre-existing policies; of viewing ends, means and values as inherently and reciprocally inter-related in the decision-making process.

'Muddling through' is the phrase used by Lindblom (1959) to capture the reality of decision-making. Lindblom argues that the status quo - the range of existing policies and programmes - forms the key reference point in decision-making processes. Given that existing policies reflect compromises or the results of disputes between diverse and often competing interests, Lindblom suggests that it

makes sense for decision-makers to make policy changes only as and when they are necessary, and then only pursue marginal adjustments. In more detail, Hogwood and Gunn (1984: 52-3) identify that Lindblom's basic views are that:

- [a] it makes considerable sense for decision-makers to keep quiet about goals and objectives. Reaching an agreement between competing interests is easier in the absence of explicit goals;
- [b] when change to existing policies seems unavoidable, only marginal alterations are considered. These build on, or deviate only marginally from, what is already known and done - great leaps into the unknown are avoided;
- [c] decision-making is an iterative process, and decision-makers do not presume they can address all issues at once or solve problems once and for all;
- [d] many individuals and parties tend to be involved in and exert an influence over the making of decisions;
- [e] since [d] is the case, reaching decisions necessitates 'partisan mutual adjustment', *i.e.* negotiation and compromise;
- [f] policies which are adopted tend to be those on which the widest agreement can be found, rather than those which are perhaps viewed as the 'best'.

That practice in general conforms more to incrementalism than rationalism is generally agreed (Ham and Hill, 1984) and has been the conclusion of research studies such as that by Wildavsky (1966, cited in Kingdon, 1984). Moreover, the

criticisms which are made of incrementalism (see, for example: Smith and May, 1980) relate almost exclusively to incrementalism as a *prescription* for practice rather than a *description* of how things operate in reality. However, there are authors whose work implies that even Lindblom, in a sense, retains too rational a view of decision-making, that he fails to acknowledge the organised anarchy which characterises many organisations and decision-making situations (Cohen *et. al.*, 1972). Cohen *et. al.*'s model of decision-making is considered shortly.

If the search for equity in relation to formula funding and AEN were to proceed according to the incrementalist model, the following main features would be expected: lack of clearly stated goals; lack of analysis of the policy problem; marginal change to past policy; bargaining between competing interests; and policy would reflect compromises struck between competing objectives.

The garbage can model

Cohen *et. al.*'s 'garbage can' model of decision-making is based on three assumptions / observations about organisations. The first - labelled 'problematic preferences' - is that an organisation is best viewed as 'a loose collection of ideas' which 'discovers preferences through action more than it acts on the basis of preferences' (*ibid.*, p. 1). As with incrementalism, the garbage can model assumes decision-makers can and usually do operate without clearly defined goals. The second assumption / observation relates to 'unclear technology'. 'Technology' refers to the workings of the organisation - Cohen *et. al.* argue that few if any individuals develop a holistic view of an organisation's workings; individual

members and sections tend to know only how their particular bit of the organisation works. Third, there is 'fluid participation', *i.e.* diverse people and parties enter and exit the decision-making arena at various stages, and the decision-making 'audience' changes continually.

Without great effort, these assumptions / observations could be accommodated within models of bounded rationalism or incrementalism. However, the garbage can model is distinct in that it treats problems, solutions, participants and decision-making opportunities as semi-independent, influential factors in the production of policy choices.

To Cohen *et. al.*, problems are things which members of the organisation and / or people from outside its boundaries deem to merit attention. Solutions may take the form of answers to these problems, but they often exist in their own right. Sometimes they wait for an appropriate problem to crop up which they can be used to solve, and at other times they facilitate the discovery of problems which have not previously been acknowledged. The observation that problems and solutions can be generated and exist in isolation from each other leads Cohen *et. al.* to create the image of :

... a garbage can into which various kinds of problems and solutions are dumped by participants as they are generated. The mix of garbage in a single can depends on the mix of cans available, on the labels attached to the alternative cans, on what garbage is currently being produced, and on the speed with which garbage is collected and removed from the scene.

(*ibid.*, p. 2)

As for participants, Cohen *et. al.* observe that members of an organisation are often involved in numerous activities. This means that participants in decision-making tend to enter from and exit to various other decision-making situations in a rather haphazard way. Quite simply, all sorts of people seem to have different degrees of influence on the evolution of a decision. Lastly, decision-making opportunities often arise regardless of the volition of members or the organisation itself, *e.g.* spending plans must be decided by a certain date, new procedures implemented by a certain deadline, and so on. In summary, then, according to garbage can theorists, certain organisations are best viewed as:

collections of choices looking for problems, issues and feelings
looking for decision-situations in which they might be aired,
solutions looking for issues to which they might be the answer, and
decision makers looking for work.
(*ibid.*, p. 1)

Thus it can be seen that the garbage can model poses an alternative to rationalism. Decision-making does not follow a set routine, is not solely a business of finding solutions to problems, and may continue in the absence of explicit goals. But the garbage can also challenges incrementalism as a description of practice. Since problems, solutions, participants and decision-making opportunities exist as separate 'streams' in the organisation which may come together in various combinations at different times, Kingdon (1984: 91) argues that:

the coupling of streams in a decision context can ... produce quite an abrupt change, as a new combination previously untried comes into play.

Thus, if LEA decision-making in relation to AEN and formula funding were to proceed as outlined in the garbage-can model, lack of clearly defined goals, solutions chasing or existing apart from problems, and a semi-chaotic process would be witnessed. Also, it might prove very difficult to establish why policy takes the form it does or why it changes when it does.

'Bottom-up' policy making

Although there are clear differences between the above models / approaches, they are all open to the criticism that they seem to imply that policy is decided on high - whether rationally, incrementally or semi-chaotically - and hence merely put into practice by, or experienced by, those lower down the hierarchy. In so doing, they perpetuate a 'top-down' view of policy-making. But there is an alternative view worthy of consideration - the 'bottom-up' approach. Whilst not offering a full-blown theory or model of decision-making, the bottom-up approach may prove useful or indeed a necessary tool in later chapters where I attempt to make sense of my empirical findings.

The top-down view is challenged by those who argue that 'street-level' or 'front-line' workers are not merely the administrative agents of higher-level decision-makers. Analysts such as Lipsky (1980) contend that policy can be not only shaped, but in effect also 'made', by workers such as teachers, social workers and police officers. Bottom-up theorists emphasise the ability of lower level workers to exercise discretion in the practical application of policy, and to resist or even alter policy decided by those at a higher level. Moreover, they argue that practice may

conflict with or even contradict higher level policy declarations because street level workers do not share the aims and objectives agreed by their superiors. For this reason, Lipsky (1980: xii) claims that:

public policy is not best understood as made in legislatures or top-floor suites of high ranking administrators, ... in important ways it is actually made in the crowded offices and daily encounters of street level workers

These claims have implications for our understanding of the relationship between policy-making and implementation, and between higher level and lower level actors in the policy process. Traditionally, policy-making and implementation are viewed as distinct activities, with the former taking place first and being a characteristically political business, and with the latter taking place subsequently and being primarily a technical business of putting policy into effect.

Bottom-up theorists resist this hard and fast distinction between the making of, and the implementation of, policy. Rather, they urge that the policy process be understood as an 'iterative and negotiative process ... taking place over time between those seeking to put policy into effect and those upon whom action depends' (Barrett and Fudge, 1981: 25). The benefit of adopting such a view is claimed to be that it provides 'a method of identifying more clearly who seems to be influencing what, how and why' (Barrett and Hill, 1981, cited in Ham and Hill, 1993: 109).

If bottom-up policy-making occurred in relation to formula funding and AEN, there would be evidence of schools challenging or influencing LEA policy, or even

LEAs challenging or influencing central government policy. Higher level decision-makers would not be in complete control of the policy process, and a clear distinction between policy-making and policy implementation would not be evident.

ISSUES AND PROBLEMS IN DECISION-MAKING

To what extent real decision-making in the search for equity is characteristic of either the garbage-can, bounded rationalist or incrementalist models, is yet to be seen. However, it must be noted that the models reveal relatively little about what decision-makers actually get up to, what the key issues are for them, and the nature of the practical problems they confront. The remainder of this chapter addresses a diverse range of factors relating to these issues.

Information

Information is a key ingredient in decision-making. In crude terms, common sense would seem to dictate, and rationalism presuppose, that the more information decision-makers have to hand, the better the decisions that are taken. However, is information a good thing which decision-makers can have too much of?

Hogwood and Peters (1985) identify a range of problems that may arise as the amount of information increases. For example, organisational paralysis may occur

if channels of communication become obstructed and decision-makers swamped by the sheer volume of information in circulation. Moreover, it is claimed that the presence of excessive amounts of data may encourage 'a veritable orgy of statistical analysis' which tends to 'obscure rather than illuminate fundamental issues in resource allocation' (Sheldon, Davey Smith and Bevan, 1993: 835)². The warning is that data cannot, in itself, make policy.

There may be various costs involved in collecting information other than financial costs. This is perhaps particularly true in the case of data on needs. The collection of certain types of data may be viewed as suspicious or unacceptable intrusion (Elster, 1992), or stigmatising to the intended beneficiaries of policy. Also, primary data collection and processing may be extremely time-consuming and costly. For example, the 'Needs in Leeds' project reported by Percy-Smith and Sanderson (1992) involved nine main stages, including a large postal survey, in-depth interviews with selected respondents, and a series of structured discussions with local groups, organisations, professionals and front-line workers. Adopting such a broad fronted approach to assessing need may be very successful, but it is certainly not cheap on time and money.

In light of these costs, it is unsurprising to find a bias towards ready made data and information which is easily available (Edwards, 1975). For example, in his major study of *Local Needs and Resources*, Davies (1968: 41) admitted that:

² Sheldon *et. al.* predicted that an 'orgy of statistical analysis' would ensue when vast amounts of new data from the 1991 census became widely available.

the choice of indices has been biased to a considerable extent because we were virtually restricted to centrally collected or published data

The same explanation applies to the choice of mortality data as an indicator of health need in the Resource Allocation Working Party formula, and to the use of Census data in the Standard Spending Assessment / Revenue Support Grant process.

In education, readily available data might include information concerning free school meals³, possibly educational test results routinely gathered by individual LEAs, national test results from the SATs, and results from ethnic monitoring by schools.

Needs measurement

One key task for policy-makers is to decide how to identify and measure needs, and sort out what type data they will require to do so. One option is to rely on discretionary judgements of professionals and other staff. In many circumstances discretionary decision-making has the advantage of being a cheap, simple and flexible process which assesses needs directly (Elster, 1992). However, in other circumstances, discretion has less to commend it (*ibid.*) and may even be proscribed by government due to fears of inconsistency or the power it yields to professionals⁴. Indeed, all large scale processes of resource allocation - for example, the allocation of grants from central to local government, grant allocation

³ Children of families in receipt of Income Support are eligible for free school meals.

⁴ As reported in Chapter 2, Circular 7/88 appeared to proscribe the use of discretionary judgements as a means of assessing needs for formula funding.

to health regions and districts, and now the LMS / formula funding process in education - are characterised by a different approach: the use of allocation formulae fed with information on needs derived from indicator data.

Indicator data provides a proxy or surrogate for direct measurements of need. In simple terms this means that it does not measure 'exactly what we wish to measure', but nevertheless is assumed to provide a fairly accurate indication of the state of affairs (Sandford, 1977: 19). Thus, for example, the RAWP formula utilised mortality data as a proxy means of measuring need for health care (DHSS, 1976; Mays and Bevan, 1987); and in education indicators such as the number of children from large families or the number of children from families in receipt of social security benefits have been used as proxy measures of educational need (Little and Mabey, 1972; Hunter, 1989).

Indicator data finds favour because it tends to be cheap to collect and use; much valuable data is collected routinely, with others often footing the bill. However, equally, there is sometimes no alternative to using a proxy measure: some of the phenomena to be measured are so multifaceted and complex (for example, 'health' or 'social disadvantage') as to make direct measurement impossible (Shonfield and Shaw, 1972; Carley, 1980).

Despite these advantages, proxy measures are potentially problematic. As Elster (1992: 65) points out, 'type 1 and type 2 errors may occur'. In resource allocation it is therefore possible that 'some of the people who should get the good don't get

it and some get it who shouldn't'. Moreover there is a danger that decision-makers may 'overvalue the explanatory power of indicators' (Carley, 1980: 194). Bauer (1966) highlights the danger of surrogate measures becoming accepted as true measures of need, thereby masking the influence of value-judgements and practical constraints in the choice of indicators.

In general, Percy-Smith and Sanderson (1992: 38) argue that existing sources of data must be subjected to the following questions:

- * Is the information *valid*? Does it measure what we want it to measure?
- * Is the information *reliable*? Does it give an accurate picture of what we want to measure?
- * Is the information *comprehensive*? Does it give us a full picture?
- * Does the information relate to the relevant area or population?
- * Is the information up to date?

The answers to these questions will often, they argue, show that pre-existing data 'has serious limitations in terms of its contribution to the process of needs assessment' (*loc. cit.*). Therefore, they suggest that pre-existing data is of most use as an aid to identifying the target population(s) for a needs audit or contextualising the findings of the audit (*ibid.*, p. 42).

This is all very well, but do policy-makers have much choice in these matters of data collection and use? I would argue that Percy-Smith and Sanderson seem

insufficiently aware of the constraints under which policy-makers operate, *i.e.* their inability to afford large-scale primary data collection.

Index construction

If indicator data is to be used to measure needs, a choice must be made between using a single indicator or a combination of two or more indicator reading in a needs index. In deciding which route to take, policy-makers are urged to first produce a clear definition of what it they seek to measure (Edwards, 1975; 1985). The definition should, it is argued, identify the nature of the need in question and the focal unit for policy, *i.e.* is it the needs of individuals, groups, institutions, communities or areas which is the concern?

The focal unit should be borne in mind by policy-makers and researchers in deciding which indicators of need to use (Hannan, 1971). If issues of aggregation and disaggregation are ignored, a policy's potential for success may be severely limited. For example, as noted in the previous chapter, Barnes and Lucas (1974) revealed the flaws of a policy which sought to address the needs of individual children in need but which targeted resources according to measures of need at the school level: the majority of needy children did not attend the most needy schools, and the majority of pupils in the most needy schools were not themselves in need.

As noted above, policy-makers must choose how many indicators to use in measuring needs. A single indicator may suffice in terms of providing an assessment of need, and be simple and cheap to use in practice. However, 'need',

‘social disadvantage’, ‘health’ and so on are not easily quantifiable phenomena and it may be presumed that the broader the range of factors taken into account (in a need index), then the more realistic and accurate measures will be. If more than one indicator is used in measuring need, the issue of weighting arises.

Weighting means giving a greater relative value to one indicator than another. The logic of weighting seems sound: many factors may influence or be statistically linked to needs, but surely they cannot all affect needs to the same degree. Moreover, weighting is accepted practice. For example, in the Additional Educational Needs Index used in the Standard Spending Assessment in 1990, three indicators were used - percentage of children from lone parent families, percentage of children from families on Income Support, percentage of children from ethnic minority households - and weighted 1.5, 1.5 and 1 respectively (DOE, 1990).

In other situations, however, policy-makers have found it impossible to find any ‘theoretical or empirical justification for a differential weighting scheme’; such was the conclusion of those first entrusted with creating an Educational Priority Index for Inner London (Little and Mabey, 1972: 92). Thus Little and Mabey opted to weight all indicators in their index equally. But this was not a neutral decision: when equal weights are given to all indicators, it is the choice of indicators which becomes the *de facto* means of adjusting the index in favour of different types of factors (Carley, 1980). Indicator choice as a means of weighting is an intriguing issue, given the factors which may influence choice, *e.g.* availability of data.

RESOURCE ALLOCATION DECISION-MAKING

Many analysts and commentators discuss the general points made above, regarding information issues and the constraints under which decision-makers operate. However, Blalock (1991) and Elster (1992) directly address the practical activities of resource allocation decision-making, the pursuit of equity, and also the issue of claims regarding need in such situations. Their main contentions are now discussed in the final section of this chapter.

In relation to equity, Blalock specifically refers to the type of situation exemplified by LMS formula funding: a recurring allocation process which involves a relatively stable group of political representatives making decisions governing a relatively stable group of recipients. In relation to such situations, Blalock makes three key points. First, he claims that decisions may be skewed by considerations less worthy than those of equity:

It may not be so much a consideration of equity that prevails ... The overriding concern among the allocators may be the objective of remaining in office or of being reelected by their constituencies.
(Blalock, 1991: 44)

Second, there is a strong bias towards incrementalism. Indeed, he warns that:

... pre-existing inequities are likely to be perpetuated for considerably periods of time ... because at the time of each specific allocation, the agents concerned are most likely to be placing their short-term interests and survival ahead of longer term equity considerations.
(*ibid.*, p. 45)

This may be true, although it could be argued that the position of allocators may be made equally vulnerable if they persist in pursuing incrementalism when the status quo is evidently unfair or if their self-serving objectives are exposed. The issue of *visibility* - the degree to which rationing decisions are open to public scrutiny - is obviously an important issue (see Chapter 1).

Third, Blalock operates from the assumption that allocators will have multiple goals in mind and, moreover, that:

under most circumstances no single goal will so dominate the others that compromises and dilemmas will not play important roles in the decision process.
(*op. cit.*, p. 101)

How the goal of equity fares in comparison with its rivals is an issue to consider in later chapters.

Blalock's main argument in relation to need takes the form of a warning: the concept is wide open to exploitation. Due to inadequate understanding of the causes and effects of social phenomena,

It ... becomes possible to select out whatever subset of explanatory factors is most compatible with one's vested interests or ideological biases so as to decide which kinds of persons "in need" are indeed deserving of receiving a slice of whatever pie is being allocated.
(Blalock, 1991: 211)

If Blalock is correct, the concept of 'need' is best seen as a cover; a front; a means by which to legitimate whatever type of distribution allocators desire. It would therefore be likely that decision-making would not necessarily involve either a clear statement of goals (final needs) or the identification of need satisfiers.

This is an interesting and contentious claim regarding need, but it can be argued that Blalock surely overstates his case. In real decision-making situations, is data usually so plentiful and so open to interpretation and manipulation as to allow any kind of allocation to be justified by the claim to be meeting need? Need may be used as a legitimating device, a ruse by which to gain acceptance for policy. But there is little to suggest that absolutely 'anything goes'; there are surely limits to the vested interests or ideological biases that can be concealed by and legitimated by a claim of need.

Elster (1992) also discusses the practicalities of resource allocation decision-making. But he also attempts to identify and explain some of the general factors - he calls them 'mechanisms' - which influence the formation of allocation preferences and practices. Most relevant is the idea of professional norms⁵, two of which are discussed here.

The first is the 'norm of compassion' whereby a resource is allocated to the most needy even though its allocation to another might have yielded more benefit in terms of improved outcomes. Elster suggests that this norm has developed

⁵ Elster's discusses professional norms in the medical profession. However, the points he makes are general and are here cited without reference to the original context.

because decision-makers tend to make decisions with a view to the likely outcomes for recipients if left untreated rather than comparing likely outcomes if treated. He states:

A similar framing effect can occur ... if the allocation of funds for social issues is a function of how important the problems are, and not of how effective the funds would be in solving them. Some educational programs for disadvantaged groups fall into this category.
(Elster, 1992: 147)

Whether, or to what extent, LEA policy-makers have an idea of the potential effectiveness of the AEN funds they allocate under formula funding will be interesting to see later.

The second professional norm discussed by Elster is the 'norm of thoroughness'. As its title implies, this norm dictates that once a recipient has been accepted as needy, as a legitimate receiver of allocated resources, then 'he or she should get "the full treatment"' (*ibid.*, p. 148). Elster suggests that this norm has developed because policy-makers sometimes (perhaps often) find it difficult to cut their losses.

It is hard to tell how to interpret this norm. On the one hand, it is a norm which feeds into incrementalist practice. However, it could also indicate a penchant among policy-makers for procedures by which to target resources so that fewer recipients receive more resources (and hence can benefit from more like the 'full treatment').

The idea of professional norms is interesting, although Elster's list of norms is by no means comprehensive. Research results may enable additions to be made.

CONCLUSION

In this chapter I have identified and discussed factors and problems to do with the process of decision-making which might influence the solutions policy-makers adopt in the search for equity. General models of decision-making were described and critically analysed, issues relating to information and the construction of indices of need were discussed, and finally the work of Blalock and Elster - which directly address the practical activities of resource allocation decision-making - was selectively plundered. In all, a wide range of issues have been raised, not all of which sit easily together. The weight of the evidence points to policy-making as a business heavily influenced by compromises and constraints, wherein diverse goals and aspirations, be they explicit or hidden, shape events and outcomes. The link between issues of decision-making and what takes place in the search for equity, and the importance of decision-making issues in relation to the concept of equity, are important matters which await Chapter 13 for further discussion.

SECTION B

QUESTIONS AND METHODS

CHAPTER 6

RESEARCH QUESTIONS AND METHODS

INTRODUCTION

‘Equity’ is undeniably a key concept in social policy, important in terms of both research and practice. But it is an ‘essentially contested’ and imprecise concept, as consideration of the relevant academic literature has shown. Thus, ‘equity according to need’ must be given meaning by those entrusted with policy-making. What do they decide, and what influences their decisions? These issues, which are virtually unexplored in the social policy literature, are central to this research.

Previous chapters have laid the policy and conceptual foundations for this research. I have described formula funding (the policy *laboratory* for this study), explained why this policy provides an excellent example for research purposes, and reviewed the relevant literature on policy-making. I have also critically analysed the key concepts of need and equity. Indeed, in analysing equity the first aim of this research project was realised. In Chapter 4 I generated a conceptual framework with which to map differences between equities.

In this chapter, I come on to describe the empirical element of my research, starting with the research questions, then providing details of the research methods used, and finally acknowledging the minor problems encountered in the research process.

To aid understanding of what follows, I first provide an overview of the research undertaken.

OVERVIEW OF THE RESEARCH

The empirical element of my research had two main aims. First, to find out what equity according to need looks like when brought to life and whether similar or diverse interpretations of the concept are evident in the practice of different decision-making bodies. Second, to investigate the search which goes on for equitable solutions and the interrelationship between equity and other policy-making goals and concerns.

This suggested the need for two different types of fieldwork: survey research to generate factual data about LEA funding formulae, and case study research to investigate the search for equity. In the event, three censuses of LEAs in England were conducted and four case studies of individual authorities made. The research fieldwork took place over a period of two and a half years, from Autumn 1989 to Spring 1992. The order of events was as follows.

In the Autumn of 1989, a census of LEAs was undertaken at the time when authorities were submitting their formula funding proposals for Ministerial approval¹. This census established whether or not LEAs were planning to include an additional needs component in their funding formulae and, in the case of those planning to do so, what methods of measuring needs and allocating resources were proposed. Overall, the findings showed great diversity in LEAs' plans.

Using data from the first census, four authorities were chosen as case studies for further investigation between Autumn 1990 and Spring 1992. The case studies were used to investigate key issues relating to the search for equity and the factors which influenced that process.

Two further censuses were conducted, in Spring 1991 and Spring 1992. Taken together, the findings of the three censuses provide information on policy evolution, *i.e.* consistency or change over time in terms of what constitutes equity according to need.

¹ As stated in Chapter 2, LMS and formula funding began in April 1990 (1992 in the case of inner-London authorities).

RESEARCH QUESTIONS

In this research I seek answers to two different types of questions. First there are questions concerning what equity according to need looks like in practice. Basic quantitative information is sought here. Phrased in general terms, these questions are: Does equity according to need take one or a variety of forms? Which needs are taken into account? What input-outcome relationships are set in place? Now applied to the case of formula funding, the questions are:

- [a] How many authorities include an additional needs component in their formula, and how many do not?
- [b] If LEAs do include an AEN component in their formulae, what percentage of their Aggregate Schools Budget do they devote to the AEN component?
- [c] Which types of needs do LEAs take into account in their AEN components?
- [d] How are these needs measured?
- [e] What methods do LEAs use to calculate the amount of money to be allocated to individual schools in respect of AEN factors?

The second type of questions relate to the search for equity and the relative importance of equity as a policy goal. What are the main factors which play a part in shaping manifestations of equity and definitions of need? Does equity stay the same and hence facilitate policy stability, or change and demand policy revision? Does equity peacefully co-exist or conflict with other policy goals? These questions can be applied to the case of formula funding as they stand: of interest are the factors and considerations which fed into the decision to take account of additional needs factors in the formula, how the proportion of resources to be allocated in respect of additional needs was decided, and how and why formulae evolve over time.

Distinctly different kinds of research questions and issues are best addressed by different research methods. Questions [a] to [e] listed above relate to the outcomes of decision-making, *i.e.* what has been decided by LEAs. They beg for basic quantitative data. Surveys, of which censuses (including the Decennial Census of the entire population) are a particular type, are an especially common and useful means of basic 'fact finding'. Moreover, they can be repeated at various intervals to provide comparative, time-series data.

When it comes to investigating *how* and *why* certain decisions were arrived at, or researching events as they unfold, however, alternative research methods are more appropriate, especially the case study approach (Yin, 1989).

CENSUSES OF LEAs

The censuses conducted as part of this research had three distinctive characteristics. First, the respondents were local education authorities and not individuals, even as 'role-holders' (Hakim, 1987: 5). Second, published documents were sought. Third, all local education authorities in England were invited to participate in a postal census; no sampling was used.

These decisions were shaped by methodological and pragmatic considerations. LEA documents were sought for two main reasons. First, because under the provisions of LMS local education authorities are required to produce public documents which should contain, among many other data, all the basic factual information sought. Second, there was a wish to minimise the time-burden on those wishing to co-operate with the research; it was assumed that completing a fairly detailed questionnaire would take longer than placing a document in an envelope. By relying on published statements of LEA policy rather than individuals completing questionnaires, it was also hoped that bias and misinformation could be avoided.

Censuses rather than sample surveys were undertaken partly because there is a relatively small number of LEAs in England, and partly because there was uncertainty concerning the response rate. Moreover, the usual arguments in favour of sampling (see: Moser and Kalton, 1983) were insufficiently relevant or compelling. The number

of authorities contacted varied between the first and subsequent censuses. This is because in 1990 the Inner London Education Authority was abolished, and thirteen new LEAs created in its place. Hence, 96 authorities were contacted in 1989 as opposed to 109 in both 1991 and 1992.

Documents sought

There were two main types of documents requested from LEAs - LMS schemes and Section 42 budget statements.

In all three censuses, authorities were asked to send copies of their LMS schemes. In 1989, only draft schemes were available, *i.e.* schemes containing proposals for implementation in April 1990. In 1991, approved schemes were requested from non inner-London LEAs and draft schemes were requested from the new inner London authorities (*i.e.* schemes containing proposals for implementation in April 1992). In 1992, only approved schemes were sought.

DES Circular 7/88 (Annex C of the Appendices) had proposed that LMS schemes - draft or approved - should contain the following main sections:

- A Summary
- B Introduction
- C Schools within the scope of the scheme
- D Items of expenditure to be delegated and excepted items
- E The formula
- F Conditions and requirements
- G Arrangements for implementation

In Section E, LEAs were advised to provide, among other information, a full description of their formula and an 'illustration of the effect of the formula on a range of individual schools' (DES, 1988: 53-4). This advice was not always followed, hence the decision to collect additional documentation was based on the experience gathered in conducting the first census (where only LMS schemes were collected).

The second type of document - the Section 42 budget statement - was not available at the time when the first census was conducted. However it was available and was requested in 1991 and 1992. This smaller yet more detailed document is intended to provide accurate data specifically about an authority's resource allocation plans for the following financial year. It was hoped that if detailed information was not to be found in authorities' LMS schemes, it would be contained in the Section 42 budget statement.

Data collection period and response rate

The data collection period for the censuses lasted for roughly three months in each case: from October 1989 to January 1990, and from April to June in both 1991 and 1992. The following general response rates were achieved:

1989 : 84 replies out of 96 LEAs = 87% response rate

1991 : 58 replies out of 109 LEAs = 53% response rate

1992 : 70 replies out of 109 LEAs = 64% response rate

The censuses sought three main types of data from education authorities: the percentage ASB devoted to AEN; the AEN indicators used; and the allocation methods used to distribute AEN money. LEAs varied in terms of whether the materials they provided proved adequate information on one, two or all three of these factors. This variation in the quality of response is shown in Table 3. The importance of the data contained in the table will be seen in Chapters 7 and 8 - which present and discuss the census data - since the number of respondents to draw on varies from issue to issue in any given year.

TABLE 3: Response rate by type of information sought, 1990-91, 1991-2, 1992-3.

	<u>Year</u>								
	<u>1989</u>			<u>1991</u>			<u>1992</u>		
<u>Types of data</u>	<u>[a]</u>	<u>[b]</u>	<u>[c]</u>	<u>[a]</u>	<u>[b]</u>	<u>[c]</u>	<u>[a]</u>	<u>[b]</u>	<u>[c]</u>
% ASB	42	51	45	41	72	38	59	84	54
Indicators	82	98	85	55	96	50	68	97	62
Allocation methods	61	73	64	49	86	45	65	93	60

KEY:

- [a] number of LEAs supplying data
- [b] percentage of the authorities responding to the census which supplied this data
- [c] percentage of all authorities supplying this data (all refers to 96 LEAs in 1990-91 and 109 LEAs in both 1991-2 and 1992-3.

Thus it can be seen that good response rates were achieved in all three of the censuses. Where LEAs did not initially reply to my request for information, follow-up telephone calls were made. Eventual non-response was not analysed. This was for a simple reason. In order to establish whether non-response affected my overall research findings, I would have had to know the details of the AEN components of the non-responding LEAs. But if I had been able to discover these details, I would obviously have included the data in my research. The characteristics of the formulae of non-responding LEAs remained unknown.

Analysis of responses

The analysis of schemes and statements and the process of clarifying details contained therein proved to be very time-consuming. Often documents did not contain the required information, government recommendations concerning the contents of schemes having been ignored. Sometimes an authority's LMS scheme would contain conflicting information within its pages, or information which conflicted with that presented in the authority's Section 42 budget statement. In such cases, attempts were made to clarify details by means of telephone calls. Although this method did not prove universally successful, many gaps in the data were plugged and anomalies ironed out.

As will be seen in the following chapter, a wealth of detailed data resulted from the censuses.

CASE STUDIES

The primary aim of the censuses was to provide a means of collecting basic empirical data. However, as mentioned above, the first census in 1989 served an additional purpose: to inform the choice of case studies. This inter-relationship between survey research and case studies is described by Hakim (1987: 62):

After a body of research evidence has accumulated on a topic, *selective case studies* can focus on particular aspects, or issues, to refine knowledge. For example, case studies can be used to provide a more richly detailed and precise account of the processes at work within particular types of case highlighted by surveys ...

Like most research methods, the case study has been defined, explained and used in a variety of ways. This is not the place to enter into a full discussion of these differences (for that see Yin, 1989; Hakim, 1987). Rather the fundamental aspects of the method are briefly outlined and some of the main criticisms noted before explaining how and why the four case studies chosen for this research were identified.

Hakim (1987: 61) describes the case study as 'the social research equivalent of the spotlight or the microscope'. The emphasis is on studying one or more selected examples in depth and from a variety of angles. The examples need not be representative, in the first instance the aim is 'to understand the case itself; only later might there be efforts to generalise from the case to broader principles' (Carroll and

Johnson, 1990: 38). The number and choice of cases is obviously important. If multiple case studies are undertaken the aim is usually either to attempt to 'achieve replication of the same study in different settings or to compare and contrast different cases' (Hakim, 1987: 63). Thus cases may thus be chosen either because they are thought typical or because they are thought distinct.

Once cases have been identified, multiple methods of research and data collection are typically employed, with two reasons (or potential benefits) in mind. First, using a range of methods is intended to enable the researcher to understand the case in great detail and reveal a more holistic picture of circumstances, events, processes or whatever. And second, findings can be cross-referenced in order to test their validity; this is referred to as 'multiple triangulation' (Denzin, 1978 cited in Hakim, 1987: 144-5).

Case study research has been criticised on a number of grounds. First, the approach is criticised for lacking scientific rigour because of the apparently idiosyncratic way researchers choose topics and exploit the flexibility of the case study approach by taking up and putting down different research methods at different times. Second, it is argued that it is rarely possible to check whether information was correctly recorded in the first place or whether the researcher's preconceptions intruded on the interpretation of evidence (Carroll and Johnson, 1990: 42-3). Third, the reporting of case studies is not without its criticisms. Carroll and Johnston (1990: 42) argue that

all too often they are ‘little more than good stories or window dressing for the opinions of researchers’. And Hakim (1987: 74) points to two commonly-found faults: researchers only reporting their conclusions or presenting a mass of poorly sorted and ‘indigestible’ data. I have attempted to avoid these pitfalls in Chapters 9 to 12.

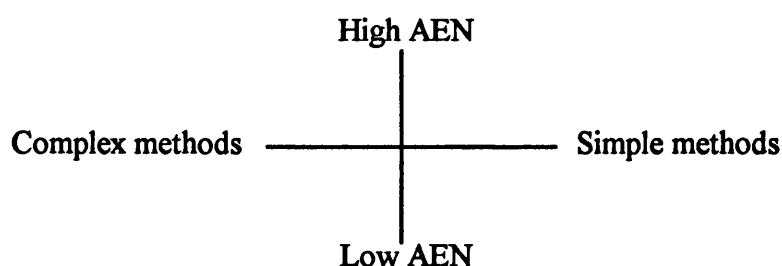
These points noted, Yin (1989: 19-25) maintains that the case study approach tends to have a ‘distinct advantage’ over other methods when research is directed towards answering questions of ‘how’ and ‘why’; when the topic of research is contemporary, as opposed to historical, events; if ‘the boundaries between phenomenon and context are not clearly evident’; and when the researcher either does not seek or can have little influence over events or phenomena. For these reasons, decisions, decision-makers and decision-making processes are frequently investigated in case study research (Carroll and Johnson, 1990; Schramm, 1971 cited in Yin, 1989: 22-3).

Selection of case study LEAs

The case studies explored in this research were chosen via a two-stage process. First, a crude sampling frame was constructed and authorities sorted accordingly (using data from the 1989 census). This two-by-two grid distinguished between authorities on the basis of two variables: level of additional educational needs, as indicated by Department of the Environment AEN index scores²; and the degree of complexity of

² The DoE Additional Educational Needs index is used by central government in the calculation of Standard Spending Assessments for local authorities. For further details, see DoE (1990).

the methods used to measure and allocate resources in respect of additional needs factors. Hence, the following grid was constructed:



The second stage involved deciding which authorities to choose from each of the four boxes. The LEAs selected were in no way intended to form a representative sample - neither a representative sample of all authorities nor individually representative of other authorities located in the same box on the above grid. Rather cases were specifically chosen to provide a means of investigating an illustrative range of relevant issues which emerged from the findings of the first census. As a result, the case studies examined the general issues which were set out above, as well as issues particularly relevant to the individual authorities concerned.

Factors such as the distance and cost of travel to different authorities did not impinge on the selection of cases. Access was negotiated with either the Chief Education Officer or a senior officer responsible for implementing LMS. Confidentiality in the reporting of the case studies was offered, and in all cases access was granted.

The four case study authorities were as follows:

Authority A

A Labour controlled Metropolitan Borough with higher than average AEN³ when compared to other Metropolitan Boroughs, and using a very simple method of measuring needs / allocating resources. Specifically, this authority was chosen because it allocated a very high proportion of its budget in respect of 'social deprivation'.

Authority B

A Conservative controlled County Council, with lower than average AEN when compared to other County Councils, and using a complex method of measuring 'special educational needs'. This method - professional, discretionary assessments - was unusual and provided the reason for choosing this authority.

Authority C

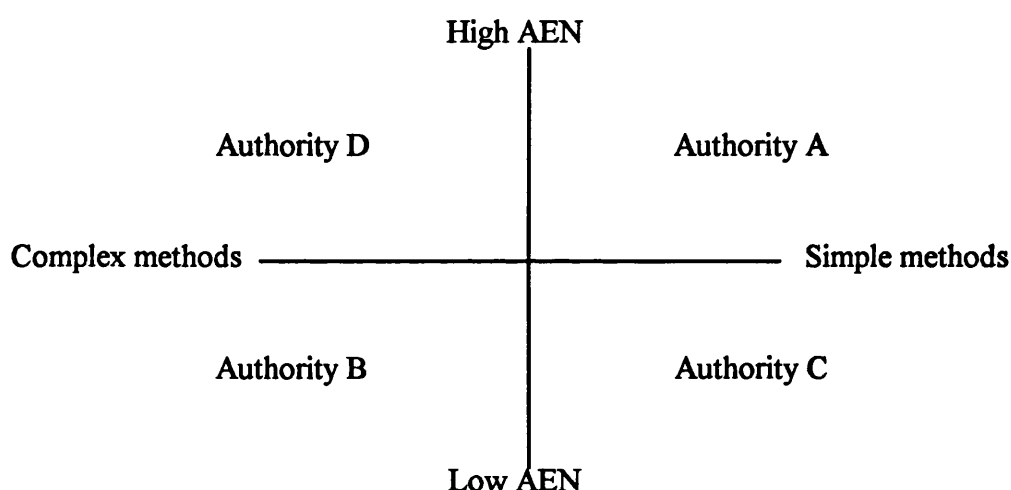
A Conservative controlled County Council, with lower than average AEN when compared to other County Councils, and using a relatively simple method of measuring needs / allocating resources. Specifically this authority was chosen because it began LMS with one method of measuring needs / allocating resources while stating that new methods would be developed and introduced in the near future. The specific aim here was to study policy revision.

³ To avoid identifying the case study authorities, precise AEN index scores, as calculated by the Department of the Environment, are not reproduced here.

Authority D

A Labour controlled inner London Borough with one of the highest AEN ratings in England. It is one of the new LEAs created in 1990 on the abolition of the ILEA. Specifically, this case study followed the way the authority developed its plans for formula funding and particularly its plans for taking account of additional needs in the two year run-up to implementing LMS.

Thus, the case studies were located on my grid as follows:



Data collection and sources

The case study authorities were initially approached in the Autumn of 1990 and the research proper spanned roughly fifteen months, from the beginning of 1991 to the Spring of 1992, when plans for the financial year 1992-3 had been formalised. More importantly, however, the research spanned a period in which authorities twice had to decide on their formula funding plans for the forthcoming year, *i.e.* in the run-up to

April 1991 plans for 1991-2 were decided, and in the run-up to April 1992 plans for 1992-3 were decided.

The chosen authorities were studied by various means: analysing LMS schemes, financial statements, working and discussion papers, research reports, *etc.*; conducting interviews with policy-makers, relevant professionals (*e.g.* educational psychologists) and, in a limited number of cases, elected members; sitting in on meetings and discussions, where possible; and correspondence by letter and telephone. Full details of the sources tapped for the case studies are contained in Appendix A which, for obvious reasons, must remain confidential.

The number of visits made to the chosen LEAs varied between cases. The amount of information that could be collected without travel varied considerably, as did the willingness and indeed the ability of the officers concerned to spend time arranging visits and meetings and being interviewed. Thus, seven visits were made to authority D, as compared to one visit to authority B, for example⁴.

Problems encountered

The case study research proved more problematic than the censuses, but not unduly so. Indeed, there were only two problems worthy of note.

⁴ Meetings with officers from authority B did, however, take place at other venues, such as seminars and conferences.

First, it proved very hard to discover the reasons underlying some of the decisions authorities had taken. However, this in a sense was not only a problem but also a research finding, as will be clarified later.

Second, a problem arises in writing up the census and case study research. The four case study authorities were given an assurance that they would not be named and that their pledge is upheld. However, these authorities were chosen precisely because of some distinctive aspect of their policy. Therefore, it is not inconceivable that other researchers in this field will recognise or, if sufficiently motivated to do so, be able to discover the identity of some or all of the case study authorities. This is not an unusual problem for those involved in case study research (see, for example: Edwards, 1995).

PRESENTING THE RESEARCH FINDINGS

The findings of this research are presented in the following six chapters. In Chapters 7 and 8 I summarise and discuss the data gathered via the censuses. Chapter 7 provides a snapshot - a full summary of results from the 1991-92 census. Chapter 8, on the other hand, draws on data from all three censuses to look at whether LEA versions of equity remain the same or change over time. Then Chapters 9 to 12 each present and analyse one case study. Finally, Chapter 13 offers a more general analysis and discussion of the issues raised by this research study.

SECTION C

EMPIRICAL FINDINGS

CHAPTER 7

THE SHAPE OF EQUITY: RESULTS OF THE 1991-92 CENSUS

INTRODUCTION

The LMS framework lays down certain general and specific rules, as well as advice to LEAs regarding formula construction. However, it also allows for considerable variations in practice between LEA. Do LEAs exploit this potential for diversity? Does 'equity' look the same or different from LEA to LEA? How similar or different are the AEN components of LEA formulae? Data from the surveys conducted for this study lead to an unequivocal answer: diversity rules. Moreover, the dimensions of difference between LEA schemes are legion. Below, seven main dimensions of difference are explored: whether or not LEAs take AEN into account; which needs are recognised; how needs are measured; level of AEN funding; money allocated to schools; if LEAs operate universal or selective policies; and whether their schemes are targeted or not.

In this chapter, I draw on data from the second census which relates to the financial year 1991-92. Data from the first survey is not used since it is of a less reliable status: it recorded what LEAs planned in 1990-91, rather than actual LEA

practice¹. As explained in the previous chapter, although a total of 57 LEAs responded to the 1991-92 survey, not all responses contained all the required information. For this reason, in the presentation of results below there is some fluctuation in sample size from issue to issue.

AEN RECOGNITION

There is no law compelling LEAs to take AEN factors into account in formula funding. However, the 1991-2 survey found that virtually all LEA respondents (55 out of 57) did include an AEN component in their formula. The two authorities which did not take AEN factors into account in funding schools - Newham and City of London - were, in fact, the only authorities with exactly the same approach to AEN and formula funding.

In the case of City of London LEA, there are special circumstances which help to explain its stance. Since this LEA has only one school, the precise detail of the formula is (in financial terms, at least) irrelevant - the school receives the total Aggregate Schools Budget. Having said this however, it may be that the AEN component in an LEA formula plays an important and quite different role - that of sensitising schools to childrens' needs, *i.e.* schools are made aware that they are receiving a particular amount of money precisely to take care of AEN-related expenditure.

¹ Actually, 8 of the 57 respondents to the second survey were inner London LEAs stating plans for when they would begin LMS in April 1992.

Newham LEA felt the need to explain the lack of an AEN component in the formula. The rationale offered was quite different to that of City of London LEA. The Newham LMS scheme announced that the LEA did not yet 'possess an appropriate needs assessment mechanism' and that this was why 'no separate provision for special needs within the formula' was made at that time.

Thus, virtually all authorities took AEN factors into account. But which factors?

WHICH NEEDS?

What did authorities say their AEN components were for? Which types of needs did LEAs seek to meet? Variations between LEAs in this respect formed the second main dimension of difference between schemes.

Judging by statements in their LMS schemes, the aspirations of LEAs varied considerably. For example, authorities stated that they sought to allocate AEN resources to:

- * meet the learning difficulties of individual children with Special Educational Needs but without Statements of SEN (*e.g.* Northumberland)
- * schools containing a high concentration of socially disadvantaged pupils (*e.g.* Birmingham)
- * schools serving disadvantaged areas (*e.g.* Walsall)
- * support schools in tackling the educational results of social inequality (*e.g.* Sheffield)
- * compensate certain schools for the fact that poor parents are often unable to make 'voluntary contributions' towards educational visits and other activities (*e.g.* Rotherham)

With LEAs expressing such a range of different intentions, fundamentally different methods of measuring needs might have been expected. But all of the above authorities relied solely on free school meals data to measure their chosen needs. Despite such examples of consistency across LEAs, the third main dimension of difference concerns the way needs are measured.

NEED MEASUREMENT

In almost all cases, LEAs measure needs by using proxy indicators such as the incidence of pupils receiving free school meals (*i.e.* the children of families on Income Support), or the number of pupils scoring below a certain level on a reading test, say. Indeed, only one LEA respondent did not resort to the use of indicators at all; the authority relied solely on professional assessments of pupils' special educational needs in a process known as the Special Needs Audit. This process is fully described and discussed in the second of the case study chapters, where the LEA concerned is referred to as authority B.

Authority B was not the only LEA to use professional assessments. Four others (8% respondents) also did so, but in their cases this was in conjunction with indicator measurements. For example, Berkshire schools received AEN resources partly on the basis of special educational needs assessments made by Head teachers and educational psychologists, and partly on the basis of free school meals data.

Overall sixteen different types of proxy indicators were used by LEAs in 1991-92. Free school meals data proved by far the most common indicator, employed by 85% respondents (44 out of 52²). Next came educational test scores of various kinds (reading, maths, verbal reasoning etc.), which were used by one in four authorities (14 in total). Lack of fluency in English indicators were used by nine of the 52 LEA respondents. By contrast, measures of parental occupation were used by just two LEAs and the more 'exotic' indicator of children from families without a car only found favour with Gateshead³. Among the other indicators employed by LEAs this year were: pupil turnover; clothing or maintenance grants; large family; one parent family; low socio-economic group of parents; living in Council accommodation; and pupils from homeless families / overcrowded homes / BandB accommodation.

Nearly half of authorities (23 out of 52) relied on just one indicator to measure additional needs; 19 out of these 23 LEAs relied solely on free meals data. For example, the AEN components of the Cleveland, Devon and Durham formulae all relied solely on free meals data to measure needs (as did Northumberland, Birmingham, Walsall, Sheffield and Rotherham as mentioned previously).

Overall, nearly 80% LEAs used either one or two indicators to measure AEN. However, at the other end of the spectrum LEAs used as many as eight. In

² 57 LEAs responded to the 1991-92 survey. Two respondents did not provide details of the methods used to measure AEN; two more did not have an AEN component in their formula; and one LEA relied solely on professional assessments. Hence n = 52 in this case.

³ Further details of the Gateshead index are provided below.

particular, the new authorities created in Inner London tended to use a higher number of indicators. For example, Hammersmith and Fulham LEA planned to use an index comprised of five indicators, and Greenwich six indicators. Southwark planned to employ the largest index, comprised of the following factors: professional assessments of pupil behaviour, and indicator data relating to free school meals, large families, ethnic minorities, children in care, pupil turnover, one parent families and no-wage earner households.

In the case of the Southwark index, all the eight indicators / factors were given equal weighting. Therefore, a child receiving a free meal generated the same need score for its school as a child from an ethnic minority, for instance. The Gateshead index, by way of a contrast, employed differential weightings. Indeed, the need score generated by a child from an unemployed family was three times that generated by a child from a large family. The Gateshead indicators and weightings were as follows:

<u>Indicator</u>	<u>Weight</u>
No car	0.5
Large families	1.0
one parent family	1.0
overcrowded home	2.0
unemployment	3.0

The Gateshead index is also of interest because it relied on data derived from analysing pupils' addresses - *i.e.* on aggregate data derived from local censuses and surveys. Bradford did much the same also. However, this was not at all common practice. In virtually all cases, authorities' AEN components were fed by data

collected directly by schools, or at least data which related directly to the school level, such as free meals statistics and educational test scores.

Thus far, three dimensions of difference have been identified and illustrated: AEN recognition; type of need; and need measurement. What of funding issues? Level of funding can be analysed in two ways. First, LEAs can be compared according to the proportion of their budget devoted to AEN factors. Second, it is possible to look at differences at the school level. These are the fourth and fifth main dimensions of difference between LEA approaches.

PROPORTION OF ASB

In 1991-92, the average percentage of Aggregate Schools Budget devoted to AEN was 3.3%⁴. However, the range was considerable. Durham allocated least of all, standing at 0.2% ASB. A further eight authorities also devoted 1% or less, and eight more LEAs stood between 1.1% and 2% ASB. However eight authorities devoted more than 7.1% ASB to additional needs, with North Tyneside allocating the most at 12.2% ASB.

How can these differences be explained? Do they reflect variations in the level of need from LEA to LEA? This is an interesting question worth exploring, if only to discover how and why it cannot be answered. Drawing on data generated by this

⁴ This is the average across the 35 LEAs operating LMS at the time which provided the data. If the proposals of inner London LEAs had been taken into account the average would have been 3.8%.

research study, researchers have attempted to compare levels of LEA AEN funding to measures of LEA AEN (Hatcher, 1992). The yardstick for assessing levels of AEN across LEAs comes from the government's Standard Spending Assessment (SSA) exercise, which includes a specific component for Additional Educational Needs. The SSA produces an AEN 'score' for each LEA which goes to five decimal places. In practice, scores range from about 1.6 down.

However, such calculations cannot yield meaningful answers. Logic dictates that it is the variation in levels of need within an LEA which should shape the proportion of resources devoted to AEN, not the level of need in the authority as a whole. Clearly, if needs within the LEA with the highest aggregate need were distributed equally across all schools, the conditions of equity could be secured without the need for a particular AEN component in the resource allocation formula.

MONEY TO SCHOOLS

The fifth dimension of difference relates to the level of funding which individual schools in different authorities receive in respect of AEN. Comparisons are either very easy or impossible to conduct in this respect. They are easy where exactly the same, simple allocation methods are employed. For example, one method is to allocate schools a flat rate sum of money per case registering on an indicator, *e.g.* an amount per child receiving free school meals. In 1991-92, Durham and Staffordshire and one of the case study LEAs (authority A) all employed this method. But whereas Durham allocated £10 per free meal, and Staffordshire £176,

each free meal generated £383 for authority A schools. These differences had huge implications for schools. To have generated enough to employ a teacher - say, £20,000 - schools in the three LEAs would have needed to have 2,000, 114 and 52 pupils on free meals respectively. Schools, particularly secondaries, in both Staffordshire and authority A could quite easily have met these notional targets; it would have been a near impossibility for Durham schools.

The sum per free meal method has a number of variants, which allow further comparisons. In some cases, LEAs varied sums according to sector, *e.g.* Sheffield primaries received £71 per free meal, whereas secondaries received £149. By way of a contrast, Walsall employed the same technique but allocated sums roughly five times greater: £462 and £629 respectively.

LEA schemes which do not adopt similar, simple allocation methods cannot be compared given the available data. It proves impossible in most cases to extrapolate what a school gets per unit of measured need. However the cases cited above do illustrate diversity in LEA practice and the scale of funding differences which existed in 1991-92. They also illustrate just some of the types of differences in LEA allocation methods which were found to exist, *e.g.* flat rate allocation, flat rate allocation with variations by sector, etc. Before returning to comment on such relatively small variations in policy, further general features of, and distinctions between, LEA AEN components can be explored.

UNIVERSAL OR SELECTIVE?

Do LEA methods deem all schools eligible to receive a share of AEN resources or do they utilise a threshold in order to prevent resources going to the 'least needy'?

In other words, do LEAs operate universal or selective AEN allocations?

Differences here form the sixth dimension of variation between LEAs.

In 1991-92 universalism predominated: two thirds of the LEAs which provided relevant details (31 out of 47) pursued such an approach. Purely selective methods were used by one in five LEAs (10 authorities), however the level at which thresholds were set, and the method by which they were set, once again varied.

For example, another variation of the sum per free meal method is to add a threshold, *i.e.* a school must have more than a certain percentage of pupils on free school meals to qualify for a share of AEN resources. 1991-92 saw both Bedfordshire and Devon employing this method, but thresholds at 2% and 6% respectively. In LEAs employing different methods of measuring needs, thresholds were set at 10% (Lancashire), 9.9% (Birmingham), 15% (Buckinghamshire) and 40% (Bradford).

In all, 31 universal and 10 selective approaches were identified. The remaining six authorities which provided details on this issue employed both universal and selective approaches in the different sub-elements of their AEN component⁵. For

⁵ Many authorities employed two or more separate ways of measuring and allocating resources - two or more sub-components - in the AEN component of their formula.

example, in Hounslow all schools were entitled to a share of the 1.9% ASB allocated for 'non-statemented Special Educational Needs' as measured by reading and maths test scores. However, only schools with 10% or more pupils on free school meals were entitled to a share of the 1.1% ASB devoted to 'social deprivation'.

TARGETING

The seventh main dimension of difference found in LEA schemes relates to whether an LEA's AEN allocation is 'targeted' or not. Here, targeted allocations are classed as those which employ specific methods in order to push most money towards those schools deemed the 'most needy'. In all, a third of authorities (16 out of 47) were found to have targeted allocation methods. The most common approach was a system of banding, as illustrated by the case of Devon.

In 1991-92, Devon operated a sum per free meal method, with a threshold set at 6%. Schools with more than 6% pupils on free meals were placed in either of two bands. The first was for schools with between 6.1 and 18% pupils on free meals. Such schools received £127 per free meal. Remaining schools, with 18.1% or more pupils on free meals received considerably more, £382.

Of the other targeting methods, Stockport's was particularly interesting. In Stockport, entitlement to free meals was the indicator of need, and the allocation for each school was determined via a five stage process as follows:

- [a] the average percentage (over the past three years) of pupils entitled to free meals was calculated;
- [b] this figure was squared;
- [c] the resulting number was multiplied by the number on the school roll to yield a school 'deprivation index score';
- [d] the amount of money devoted to AEN was divided by the total deprivation scores for all schools to yield a 'unit of resource';
- [e] schools received a sum equal to its deprivation index score multiplied by the unit of resource.

In the same year Leeds operated a similar type of approach in its 'social disadvantage' allocation⁶, but added an upper threshold, *i.e.* the school's percentage of pupils on free meals up to a maximum of 55% was squared.

Despite the approaches discussed above being labelled as 'targeted', it is clear that in certain respects some of these schemes do not ensure that greater needs always receive greater funds. Banding systems are particularly prone to two criticisms. First, schools with quite different levels of need may be treated the same (*i.e.* those at the bottom and top reaches of a band). Second, schools with very similar levels of need may receive very different treatment (*i.e.* schools located either side of a borderline between bands). The latter possibility is clear in the case of Devon, as cited above.

⁶ Leeds also operated both an 'Ethnicity' and a 'non statemented Special Educational Needs' allocation in the AEN component of its formula.

CONCLUSION

In summarising the findings of the second survey of LEAs, seven main dimensions of difference between authorities' approaches have been identified and illustrated. Despite this, there are numerous further differences which could have been mentioned. Whereas some schemes relied on free meals take-up data, others claimed to use entitlement data; it was sometimes the number of pupils on free meals and sometimes the percentage of pupils on free meals which determined a school's allocation. Educational tests took many different forms: diverse types of maths, reading, verbal reasoning or cognitive ability tests. The exact form of the data used to measure needs varied tremendously. Additionally, these different forms of data were combined in myriad ways to form assorted measures of need. And measures of need were translated in resource allocations in dozens of different ways. Indeed, as mentioned above, the only LEAs which were found with the same approach were those which had no AEN component whatsoever. All other schemes for measuring and funding AEN, and hence achieving equity, were unique.

Thus, a snapshot review of formula funding practice provides a complex and varied pattern of practice. Equity looks very different across authorities. A wide variety of different focal units (individuals, schools, areas), focal variables (special educational need, social disadvantage, ethnic disadvantage) and input-outcome relationships are found. But what of longitudinal data collected as part of this study? Do the versions of equity created by LEAs remain the same or change over time? This is investigated in the following chapter.

CHAPTER 8

EQUITY: CONTINUITY OR CHANGE?

INTRODUCTION

Whereas the previous chapter provided a snapshot, in this chapter I look at policy over time. I am interested in whether manifestations of equity stay the same or change over time. Did the search for equity end in April 1990, or continue through the study period? Drawing on data from all three censuses of LEAs, I focus on four main variables: AEN recognition; the proportion of ASB devoted to AEN funding; indicators used to measure of AEN; and allocation mechanisms (*i.e.* issues of universality, selectivity and targeting, as defined in Chapter 7). The data provides considerable evidence of formula evolution over a relatively short period.

Throughout this chapter, sample size varies from section to section because the quality as well as the quantity of LEA responses proved erratic. Indeed, only fourteen authorities¹ of a possible 96 authorities provided what can be classed as

¹ The eleven non-case study LEAs were: Barnsley, Devon, Durham, Essex, Hounslow, Lancashire, Lincolnshire, Newham (no AEN component), Northamptonshire, Rotherham and Stockport. To protect their identity, the three case study LEAs are referred to (in this chapter and those that follow) as authority A, authority B and authority C.

full data (*i.e.* data on all variables on each of the three occasions), three of which were LEAs used as case studies². Sample size is cited in each section below.

PROPORTION OF ASB FOR AEN

The relative priority authorities gave to funding AEN factors throughout the period of study can be seen in Table 4 below. Thirteen LEAs provided this data on each of the three census occasions.

Table 4: Proportion of ASB devoted to AEN factors, 1990-93

<u>Authority</u>	% ASB for AEN		
	<u>90-91</u>	<u>91-92</u>	<u>92-93</u>
Barnsley	1.1	2.0	3.2
Devon	1.2	1.7	2.1
Durham	0.0	0.2	0.2
Essex	0.3	0.4	0.5
Hounslow	5.9	3.0	2.9
Lancashire	5.4	5.9	6.1
Lincolnshire	0.0	0.5	0.6
Northamptonshire	1.0	1.0	1.0
Rotherham	1.4	1.0	1.1
Stockport	0.7	0.7	0.8
Authority A	12.0	7.5	3.0
Authority B	3.0	3.3	3.6
Authority C	5.0	5.0	5.1

²

The fourth case study authority (authority D), being one of the new inner London LEAs created after the abolition of the ILEA, was not part of the census research until the second census, in 1991.

In terms of overall change, over half of the authorities (seven) made an adjustment of 0.5% ASB or more to the proportion of ASB devoted to AEN between 1990 and 1993, whilst the others made little or no adjustment over the study period. At the extremes, Northamptonshire made no change at all whilst authority A reduced its AEN spending by a factor of four, from 12% to 3% ASB. (The case of authority A is discussed in detail in the following chapter).

Different directions of change are evident. Whilst the relative priority given to AEN fell in both authority A and Hounslow, AEN funding gained greater priority in two out of every three authorities (nine out of thirteen). In Barnsley the AEN budget almost trebled over the period of study, from 1.1% to 3.2% ASB.

The data from Rotherham LEA suggests some fluctuation in the direction of change, with the AEN budget dropping from 1.4 to 1.0% ASB and then rising again to 1.1%. However, the latter change - and many of the smaller changes witnessed in the data on other authorities above - may be more apparent than real due to rounding.

INDICATORS OF AEN

A greater amount of comparative data was derived from the censuses concerning the methods by which LEAs measured AEN factors, particularly which indicators of need authorities used. The sample size here is 30 authorities.

On the whole, authorities tended to stay with the repertory of indicators of AEN they had first chosen in 1989.

Nearly two thirds of LEAs³ used exactly the same indicators, and only those indicators, throughout the study period. However, these 'stable' authorities had by no means decided on the same indicators and methods in the first place. Devon and Stockport both relied solely on free meals data to measure AEN, though employed very different approaches (see previous chapter). Essex used free meals data to measure need in the primary sector, but added reading test data in measuring need in the secondary sector. Barnsley used data on pupil entitlement to 'schemes of aid', such as clothing allowances and maintenance allowances for pupils over compulsory school age, as its chosen way of measuring AEN. Gateshead, on the other hand, maintained an index comprising five indicators: no car, large family, one parent family, overcrowded home; unemployment (see previous chapter). In contrast, authority B eschewed the use of proxy indicators of need in favour of using only data derived from teachers' professional assessments of their pupils' needs (see Chapter 10).

Whereas two thirds of LEAs continued to employ their first choice(s) of indicators, one third of LEAs⁴ altered their repertory of AEN indicators in some way during

³ These 19 (out of the 30) LEAs were: Barking and Dagenham, Barnsley, Bedfordshire, Devon, Essex, Gateshead, Hertfordshire, Lancashire, Leeds, Newcastle, Northamptonshire, Northumberland, Rotherham, Shropshire, Stockport, Trafford, Authority A, Authority B, Authority C.

⁴ These 11 (out of the 30) LEAs were: Berkshire, Bradford, Croydon, Ealing, Gloucestershire, Hampshire, Haringey, Hounslow, Oldham, South Tyneside, Sutton.

the study period. Most did so by adding to their stock of indicators as LMS progressed. In this way their indices of need grew in size. For example, Croydon began by using only free meals data but added reading test data in 1991; Berkshire added professional assessments to free meals data in 1991; and Sutton added free meals data to reading comprehension test scores in 1992.

Hounslow and Haringey were the only authorities found to reduce the number of indicators used to measure AEN. Hounslow abandoned its use of professional assessments in 1991-92, retaining free school meals data and reading and maths test scores as its means of measuring AEN. Interestingly, 1991-92 was the same year that Authority B gained DES approval to *continue* its use of professional assessments (see Chapter 10) and also the year that Berkshire *introduced* professional assessments for the first time (alongside free meals data).

In Haringey, on the other hand, three indicators were dropped and one new indicator added after the first year of LMS. In reply to the first census, the authority stated its intention to:

allocate resources based upon ... entitlement to free school meals, the incidence of families in temporary accommodation and the number of one parent families ... diversity of languages evidenced within the school, the number of pupils in the early stages of learning English and the number of children for whom English is not their mother tongue.

The second and third censuses, however, showed Haringey no longer using either the temporary accommodation, one parent family or English as a second language

indicators, but having decided to include high turnover of pupils as a new measure of AEN in schools.

The censuses also revealed two authorities - Oldham and Gloucestershire - to have altered their choice or use of indicators in more subtle ways. Oldham did not increase or decrease the number of indicators used to measure AEN, but made a swap. It retained receipts of clothing grants as an indicator of AEN throughout the study period, but in 1992 swapped 'numbers of ethnic minority pupils' for 'numbers of pupils with English as a second language'. Presumably the latter was deemed a more direct indicator of needs.

Gloucestershire, on the other hand, went from using only free meals data to measure AEN in the primary sector, and only educational test data to measure AEN in the secondary sector to, in 1992-92, using both free meals data and educational test data to measure AEN in the primary sector.

It is hard to know what, if any, conclusions can be drawn from this evidence regarding changes in authorities' choice and use of indicators. But it is important to note that in no case was an authority found to have explicitly redefined the purpose / intention of its AEN component as a result of, or as an explanation for, changing its repertory of indicators of need. The implication is that authorities judged their alterations to policy to be yielding better means of measuring the need(s) which they had been trying to measure all along. However it is relevant to point out that whilst the purported focal variable may have stayed the same, *in*

effect the focal variable and input-outcome relationships alter as indicators are added to or subtracted from existing indices. Logic dictates that different indicators, or different combinations of indicators, provide measurements of need which treat focal units in different ways to a greater or lesser extent.

ALLOCATION MECHANISMS - UNIVERSALITY, SELECTIVITY AND TARGETING

Over the study period, to what extent did authorities alter the mechanisms by which they determined eligibility to, exclusion from, and shares of, AEN resources? As in the previous chapter, methods which deem all schools eligible to receive a share of AEN resources I class as *universalist*, those which utilise a threshold in order to prevent resources going to the 'least needy' I call *selective*, and allocations which employ specific methods in order to push most money towards those schools deemed the 'most needy' I label *targeted*.

Full data on resource allocation mechanisms was obtained from 24 LEAs. It was found that whilst nearly two-thirds did not alter the nature of their resource allocation mechanisms over the study period, over a third did⁵.

⁵ The 14 'no change' authorities were: Barking and Dagenham, Barnsley, Bedfordshire, Berkshire, Devon, Gateshead, Gloucestershire, Leeds, Newcastle, Northamptonshire, Northumberland, Rotherham, Stockport, Authority B. The 10 'change' authorities were: Bradford, Essex, Hertfordshire, Hounslow, Lancashire, Oldham, Sutton, Trafford, Authority A, Authority C

Among the 'no change' authorities, half employed a combination of universal and targeted allocation methods. Exemplifying this approach, Stockport LEA was cited in the previous chapter, and authority B will be discussed in a later chapter. Just under a third (4 LEAs) pursued a purely universalist approach to resource allocation. The final three authorities in the 'no change' group each went their own way: Devon's approach was both selective and targeted; Northamptonshire's approach embodied both universal and selective aspects; and Bedfordshire stuck to a purely selective approach (only schools with over 2% pupils with registered entitlement to free school meals received a set sum per registered entitlement).

The 10 authorities (out of 24) which did modify their resource allocation mechanisms over the study period pursued diverse goals. Some introduced targeting (*e.g.* authority A - see later), others reduced or abandoned selectivity (Lancashire and Sutton LEAs respectively), one abandoned both selectivity and targeting (authority C - see later), and a number appeared to make contradictory changes to policy (Hertfordshire, Hounslow, and Trafford).

Hounslow, for example, had two elements to the AEN component of its formula. The first remained unchanged: a universal allocation wherein AEN was measured with reading, maths and verbal reasoning test data. The allocation mechanism employed in the second element of the AEN component - with free meals data as the measure of AEN - altered each year during the study period. First, there was a universal allocation with all schools receiving a sum per pupil on free meals (sums varied according to sector). In 1991-92 the method became selective when a

threshold was introduced: schools with less than 10% pupils on free meals were excluded from the allocation. Then, in 1992-93, the LEA reverted back to the universal approach employed in 1990.

CONTINUITY OR CHANGE?

In analysing each of the above issues in isolation, it is perhaps hard to grasp to what extent individual LEAs' ways of operating equity and measuring need change over the study period. In this final section I focus upon the fourteen authorities (about 15% of the total of 96 possible respondents) which provided full data on each time of asking. It is only by analysing these authorities that I can discover whether, overall, LEA resource allocation was characterised by continuity or change.

Of the fourteen LEAs under scrutiny here, four made no changes to their approach and ten made some degree of alteration over the study period.

One of the 'gang of four' was a clear outlier: Newham LEA did not employ an AEN component in its formula at all. In the 1991-92 census (as mentioned in the previous chapter) the authority clearly implied that it did not employ an AEN component because it could not find 'an appropriate needs assessment mechanism'. But in reply to the third census, Newham announced that 'The authority currently has no proposals to allocate resources according to any special needs factor'. This

apparent change in stance is intriguing. Perhaps the LEA has given up on ever finding 'an appropriate needs assessment mechanism'. Or perhaps it transpired that whilst the LEA continued to look for an appropriate mechanism, variations in need across schools fortuitously disappeared, therefore rendering it unnecessary to employ an AEN component. It is unknown which, if any, of these explanations carries any weight.

As well as Newham, there were three other authorities which did not alter their stance on, or methods of, AEN funding over the study period. The approaches of these three - Northamptonshire, Rotherham and Stockport - were in many ways similar. All three defined AEN in relation to social disadvantage / deprivation rather than special educational needs; devoted relatively little to AEN funding (less than half the average for 1991-92 - see previous chapter); relied solely on free school meals data to measure need; and adopted universalist allocation methods (to which Northamptonshire added selective methods, and both Rotherham and Stockport added targeting mechanisms).

Durham and Lincolnshire LEAs maintained stability for the latter two years of the study period after having introduced AEN components for the first time in 1991. (According to the 1989 census, neither authority intended to take AEN into account in formula funding schools in 1990-91). Despite in many ways representing a fundamental change, the recognition of AEN in these authorities resulted in only a small adjustment to resource allocation policy; less than 1% ASB was devoted to AEN in both cases.

Thus six of the LEAs which provided full data have been accounted for. The remaining eight authorities - Barnsley, Devon, Essex, Hounslow, Lancashire, Authority A, Authority B and Authority C - showed varying amounts of change. Six varied the proportion devoted to AEN by over 0.5% ASB, five changed the mechanisms employed in resource allocation, and two changed their indicators. Among these eight authorities, Hounslow stands out for having changed all aspects of its AEN component at least once, and most aspects of its AEN component twice over the study period.

The degree of policy revision and adjustment which this data indicates is considerable, particularly when it is realised that the three censuses actually record the outcomes of only two opportunities for change (the introduction of new formulae in April 1991 and 1992).

CONCLUSION

When the detail of AEN components is analysed over time, a mixture of continuity and change in policy and practice is discovered. Some authorities ended the study period having made few if any changes to their methods of measuring and allocating resources for AEN. For others, it was clearly an era in which the search for equity continued apace, with many and varied changes evident over the study period. Amidst all this, however, no major trends emerge. Census evidence does

not show that any great convergence of LEA practice occurred, or signs of an imminent end to policy evolution.

But what are the factors which influence or indeed determine different versions of equity, and also what are the factors which cause or encourage the changes that are made to equities over time? These issues are now explored in the remaining chapters, the next four of which each present one LEA case study.

CHAPTER 9

CASE STUDY A: THE RISE AND FALL OF EQUITY AS A POLICY

GOAL

INTRODUCTION

As shown in the previous chapter, authorities sometimes alter their resource allocation priorities from year to year; the percentage of ASB devoted to additional needs factors may rise or fall, sometimes quite considerably. How and why do such changes come about? This case study of a Labour controlled Metropolitan Borough (authority A) explores these issues and also the factors influencing the choice of methods of measuring needs. What emerges is a tale of how the political and policy aims of elected members shifted and conflicted over time, and how pressure from schools and practical considerations influenced decision-making.

POLICY AND PRACTICE IN AUTHORITY A

Overview of policy, 1990-91 to 1992-93

In the financial year 1990-91, authority A allocated 12% ASB for 'special needs, in particular those associated with social deprivation'. These needs were measured

using free school meals data, and a simple method of allocating resources was used. The sum to be allocated, roughly £5.5 million, was divided by the total number of pupils in the authority with registered entitlement to free school meals. The result was a figure of £908.42 which schools were then notionally allocated per child on their roll on free meals. The sum was notional rather than actual due to the way the authority chose to phase the transition from historic budgets to fully formula-determined budgets. The transition was planned as follows:

School budgets 1990-91 = 25% determined by formula + 75% historic

School budgets 1991-92 = 50% formula + 50% historic

School budgets 1992-93 = 75% formula + 25% historic

School budgets 1993-94 = 90% formula + 10% historic

School budgets 1994-95 = 100% formula

The method of allocating a sum per free meal was retained in 1991-92, however the percentage ASB for special needs dropped to 7.5%. This change, equivalent to a cut of around £2 million in the special needs allocation, on top of an increase in the numbers of children on free meals, caused the notional sum allocated per free meal to fall from over £900 to £382.76.

For 1992-93, changes were made to both the size and the method of the special needs allocation. The special needs budget was cut to 3% ASB (£1.4m) and a 'social deprivation index' was introduced in place of the 'amount per free meal' method. The new index again relied solely on free meals data, but targeted

resources more heavily on the schools with the highest concentrations of pupils entitled to free school meals. For each school, the social deprivation index score equalled the number of pupils on free meals multiplied by the percentage of pupils on free meals. In the allocation, the social deprivation index scores of all schools were added together, the special needs budget was divided by that total, and schools received their appropriate share.

The 'rise' of special needs funding

Prior to LMS, authority A had maintained preferential staffing ratios for schools which had formerly been designated by the DES as serving Social Priority Areas. From the beginning, the intention was that under LMS these differentials should at least be maintained. Moreover, there was considerable support, especially from Labour members, for giving even greater priority to schools in the poorer parts of the Borough (it was argued that recent years had seen the staffing differentials between Priority Area and non-Priority Area schools eroded). In their first attempts to devise a formula, authority A did not, however, seek to radically redirect resource allocation policy; incrementalist tendencies prevailed.

Officers were initially given the task of finding a way of recreating historic budgets via a formula. This proved to be a tricky exercise since schools had not been treated as isolated cost centres previously. The extrapolation of financial data for individual institutions required a considerable degree of informed guesswork. Indeed, by the time the authority was ready to put together an early draft of its LMS scheme, the formula contained therein was the 28th version to have been

pieced together and tested. It would have allocated 5% ASB for special needs - estimated to be in line with past practice.

Labour members reacted strongly to 'formula 28'; their message was that 5% appeared insufficient. To them it did not signify the emphasis which they wished to give to issues of social deprivation. So, alternative figures were then proposed and evaluated according to whether they gave the appearance of giving special needs sufficient priority. Initially, a degree of consensus emerged that 10% ASB, or twice the amount estimated to have been allocated for special needs in the past, was an appropriate figure. Attempts were thus made to revise the formula accordingly. However the Chair of the Education Committee subsequently argued that even 10% was not enough. She successfully recommended that 12% ASB was the sort of figure needed to denote the authority's avowed intent to tackle the impact of social deprivation on pupils' education. The 12% ASB figure seems to illustrate what Cohen *et. al.* described as a solution looking for a problem in the garbage-can model of decision-making.

Efforts were then made to accommodate this decision, and finally a formula was agreed - the 34th version to be modelled. This was written into the LMS scheme submitted to the DES for Ministerial approval.

Whilst the percentage ASB for special needs was the subject of considerable debate and revision, a method of measuring and allocating money for special needs was agreed at an early stage. When the authority first began to address how it would

implement LMS, various indicators of special needs and social deprivation, such as family size and unemployment, were discussed. However relatively soon after Circular 7/88 was issued containing the main guidelines on LMS, an official from the DES made what proved to be an influential visit in late 1988. This person gave what authority A's officers took to be authoritative advice: that using free school meals data was by far the most effective way of measuring special needs. Soon, discussions of alternative methods lapsed and authority A decided that if Circular 7/88's strictures were to be observed, then the most 'simple, clear and predictable' (DES, 1988, para. 104) method was to give schools a sum for every child on free school meals.

Authority A's first LMS scheme, incorporating 'formula 34' was approved by the Secretary of State at the end of January 1990 and came into operation in the April of that year.

Pressures and proposals for reform

The full implications of adopting 'formula 34' appear to have been clearly understood by officers and, to a lesser extent, schools from an early stage. Members, however, seem to have taken longer to grasp the scale of the redistribution between schools which would result from more than doubling the amount traditionally allocated for special needs. However they became fully aware of the situation when schools, in particular those in the more affluent parts of the Borough, began complaining about the dramatic budget cuts they would suffer as

formula funding was phased in. In the event, the protest was so vigorous that a review of the formula was announced.

That authority A responded by agreeing to re-think its formula is not in itself a startling finding. However two features of the review were, in many ways, extraordinary. First, there was its timing. The review of the formula was announced in mid December 1989, more than a month before the authority's first LMS scheme had even been formally approved by the Secretary of State, and over four months before formula funding was actually set to begin. Second, it appears to have been pre-decided that changes were necessary. The terms of reference were that 'a review of the formula be undertaken in May 1990 ... with a view to submitting a variation of the formula for the 1991/92 financial year'.

The review marked a turning point. In 1988 and 1989, concerns for special needs had taken priority in terms of shaping 'formula 34'. From 1990 onwards, a different set of aims took precedence. The primary objective became that of devising a formula which would provide all schools with sufficient funds to achieve certain pupil to teacher ratios (PTRs): 1:26 in nursery classes; 1:30 in primary schools; 1:19 in secondaries; and 1:14 in sixth forms. Only once these targets had been achieved, it was decided, should 'any additional funds' be allocated for special needs and 'concentrated as effectively as possible on schools facing high levels of social deprivation'. The conclusion of the review was that only 3.14% ASB would remain for special needs once the staffing targets were met.

In line with the review brief, two methods of targeting the special needs allocation were proposed and modelled. The first placed schools in one of six categories according to the proportion of pupils in the school on free meals. Each category had a different weighting, and each school's entitlement to money would have been calculated by multiplying the number of free meal pupils by the weighting factor. The review document stated that this method was 'far more efficient in terms of targeting resources' than the system used in 1990-1 although problems were foreseen: 'at the boundaries of each category very slight changes in pupil numbers result in enormous variations in budget'. The second proposal was a 'social disadvantage index' whereby the number of pupils on free meals multiplied by the percentage of pupils on free meals would determine each school's entitlement to special needs money. This method was recommended. It was thought to be 'highly efficient in targeting resources' and less problematic than the other option since it avoided steps in the allocation (and the associated problems). An appendix provided a graphic illustration of how these proposed methods and the 'formula 34' method compared to each other.

The 1991-92 formula

Whereas complaints from schools with few pupils on free meals had been instrumental in forcing the formula review, the proposals emanating from the formula review were opposed by a more diverse group. Schools with many pupils on free meals now complained that they would suffer heavy budget losses if the special needs allocation dropped from 12% to 3% ASB. Moreover, the

introduction of the social deprivation index also threatened schools with a relatively low number and / or low concentration of pupils on free meals.

In negotiations, an immediate cut in AEN funding from 12% to 3% ASB was found to be politically unacceptable. However at the same time there was a desire among members to move at least some way towards the proposed staffing ratios for all schools. The short-term compromise was that 7.5% ASB be devoted to the special needs allocation in 1991-92 (*i.e.* exactly half way between 12 and 3%) and that the social deprivation index should not yet be introduced.

These decisions were justified to schools by explaining the long term aims relating to staffing ratios in all schools. Also it was pointed out that although the schools with highest levels of social deprivation would, in future, gain less than if 'formula 34' remained in place, they would still receive more money in the long run. This was because of the transitional arrangements (the formula taking over from historic budgets) and the fact that 7.5% ASB was still equivalent to a 50% increase in special needs funding compared to the pre-LMS situation.

The 1992-93 formula

Many of the discussions and controversies involved in the first formula review were repeated in the summer of 1991, when a second review was undertaken. The recommendations produced were broadly the same as those reached in the previous year's review: progress towards the staffing targets should be the priority; the budget for special needs should be reduced to 3% ASB; and hence it would be

imperative to introduce the social deprivation index in order to concentrate the available AEN money on those schools which most needed it.

In attempting to create a consensus in favour of these changes, an Education Committee report prepared in January 1992 again emphasised that although many schools would receive less for special needs than they would have done if either the 1990-91 or 1991-92 formulae had remained in place, they would still receive budget increases as transitional arrangements ran out and schools' budgets became fully determined by the formula. Budget predictions were published for as far ahead as the year 1997-98 to make this point. Additionally it was argued that:

although the amount of money [for special needs] is reduced overall, the introduction of the social deprivation index targets these resources more effectively to the schools most in need.

Finally, schools were persuaded to look at the overall effect of the changes in the formula and not to view the special needs allocation in isolation.

In the event, the 1991 review proposals concerning special needs were agreed and implemented in April 1992.

ANALYSIS

Events in authority A raise two particular issues worthy of further discussion - the characteristics of equities, and the factors shaping equities.

Equities

Three versions of equity are evident in the case of authority A. In all three, schools formed the focal units. At first sight, the focal variable also appears to have been the same in all three, defined as 'special needs, in particular those associated with social deprivation'. However, it seems necessary to distinguish between the *de jure* focal variable - stated above - and *de facto* focal variables. Indeed, it was differences in *de facto* focal variables, and also input-outcome relationships, that led to the creation of different versions of equity in practice.

What can be called the *de facto* focal variable changed with the introduction of the social deprivation index. The AEN methods used in 1990-91 and 1991-92 classed as equals those schools with *equal numbers* of children with registered entitlement to free meals. But the 1992-93 method, in effect, defined as equals those schools with an *equal concentration* of free meals pupils. In this way, change of AEN method brings about a *de facto* change in the focal variable.

The second way in which distinct versions of equity were created relates to input-outcome relationships. The method of measuring need was the same in both 1990-91 and 1991-92, but very different amounts of money were devoted to the AEN allocation (£5.5 million and about £3.5 million respectively). Thus, the resource 'outcome' per unit of need 'input' dropped from over £900 to under £400.

Equities- shaping factors

These equities were shaped by diverse factors. The 1990-91 version reflected historical and political influences (continuation of Borough practice in taking social deprivation into account in funding schools); the credence given to DES advice (adoption of the 'sum per free meal' method); and the sway held by the Chair of the Education Committee (in gaining acceptance for the 12% ASB figure, which was basically plucked out of the air).

The 1991-92 version was shaped by the ascendancy of a new policy priority - that of securing certain PTRs for all schools - and also by adverse reactions to that new goal. Hence, the second version of equity reflected the effects of change, bargaining and compromise: a reduction of AEN money, but retention of the 'sum per free meal' method.

Finally, the introduction of the social deprivation index in the 1992-93 formula was a direct response to cuts in the budget for AEN (as a result of further progress towards the PTR targets). Thus it seems that decision-makers' perceptions of what does or does not constitute an equitable allocation appear to be *resource-specific*. Changing the amount of money to be distributed led policy-makers to seek a different input-outcome relationship.

CONCLUSION

Case study A describes how a powerful yet vague political commitment to AEN funding proved unsustainable and, in the event, implicitly ephemeral. Indeed, in spite of its original intentions and policy decisions, by 1992-93 authority A was allocating far less for special needs than it had done prior to the introduction of LMS.

What is clear is that in the ebb and flow of policy proposals, consultation and feedback there emerged strict, if tacit, limits on the degree of change to the status quo that schools, parents and increasingly, as time wore on, also members were prepared to tolerate even if change was made in pursuit of equity. This being the case, the authority's transitional arrangements proved valuable to both to schools and policy-makers. By phasing the shift from historic to formula determined budgets, the authority was able to alter its priorities whilst minimising fluctuations in schools' budgets.

CHAPTER 10

CASE STUDY B: A PROCEDURAL PATH TO EQUITY?

INTRODUCTION

It is easy to think that who gets what share of available resources in an allocation according to need is determined by factors such as who is in need and who is not, how many people in total are in need, and relative differences in the type and degree of need experienced by those in need. However, *in effect*, who gets what is determined by [a] the specific methods used to identify and measure needs, and [b] the way the resulting measures of need are translated into financial entitlements. In laying down the administrative framework for LMS and formula funding, the DES offered no advice or prescription on issue [b]. However, with regard to how to identify and measure needs, the DES imposed rules.

According to Circular 7/88, only methods which identify and measure differences in schools' 'objective needs' are acceptable. Which types of methods does this imply? Originally, the DES advised LEAs that this meant that discretionary need assessments by professionals or by any methods open to manipulation at the school level would not be approved. However not all LEAs agreed with this interpretation.

This case study looks at a Conservative controlled County (authority B) and its 'Special Educational Needs Audit' - a method of identifying and measuring needs which relies solely on teachers' assessments. The validity and reliability of this method was initially questioned by the DES. But in April 1991 the audit received full ministerial approval. In charting the events surrounding the creation and operation of the audit, what emerges is an intriguing story which contrasts starkly with that told in the previous chapter. The search for equity in authority B was dominated by concerns to develop an accurate and sensitive method of identifying and measuring individual pupils' needs. But the solution policy-makers came up with - the audit - generated its own problems, as will be seen. Not least, it generated outcomes which did not appear to be equitable; a system of additional payments had to be introduced.

POLICY AND PRACTICE IN AUTHORITY B

Overview of policy 1990-91 to 1992-93

In the financial year 1990-91, authority B allocated over £8 million or 3% Aggregate Schools Budget (ASB) for 'special educational needs' (as defined by the 1981 Education Act). Primary pupils experiencing difficulty in learning were identified by their class teachers, and their level of need assessed. Level 1 needs were least severe, Level 2 needs were of intermediate severity, and Level 3 needs most severe. This process of identification and assessment was referred to as an

audit of special educational needs. Details of how the audit worked are provided below.

The first audit took place in late 1989, and only covered the primary sector. However, primary sector data was 'rolled forward' to provide an estimation of the incidence of special educational needs in the secondary sector. This 'roll forward' was limited - secondary schools only received funds based on the estimated number of pupils with special needs in the first three years of secondary school.

When it came to the formula allocation, primary schools received £220 per pupil with special educational needs regardless of their level of need. The rationale for this was that additional help would be provided by members of area-based support teams for any pupil on level two or above. Since the area support teams did not work in secondary schools, payments to secondary schools did vary according to level of need: £220 per pupil with Level 1 needs, and £600 per pupil with needs at either Level 2 or 3¹. In the complex process of translating measures of need into cash allocations, policy-makers utilised both computer modelling and officer discretion.

In this first year of LMS and formula funding, the DES refused to grant formal approval to authority B's LMS scheme due to fears that teachers' judgements would not provide a sufficiently objective and consistent means of measuring needs across classes, schools and areas, and fears that schools would be given financial

¹ Grammar schools were excluded from the allocation, and middle schools were treated as half primary and half secondary (as was the case in both of the following years).

incentives to identify more pupils in need, and to define pupils' needs as more severe.

However, conditional approval was granted for the audit to operate for just one year. For 1991-92, the DES expected authority B to develop alternative methods. In the event, though, very few changes were made to the audit method (*i.e.* the audit form was altered a little) and yet formal DES approval was granted (a puzzle examined later).

In the second year of formula funding, 1991-92, authority B devoted much more money to special educational needs - just over £9.9 million or 3.4% ASB. This increase was intended to take account of inflation and the fact that more pupils were being identified as in need by the audit process. The amounts allocated to schools in 1991-92 were as follows. Primary schools received slightly more than the year before: £230 per pupil with special educational needs regardless of level of need. Secondary schools received less than previously: £120 per pupil with Level 1 needs, and £320 per pupil with needs at either Level 2 or 3. Payments per secondary pupil were reduced because data from primary schools was now 'rolled forward' to cover the first five years of secondary school (rather than the first three years, as before).

Finally, in 1992-93, just over £11 million or 3.6% ASB was allocated in respect of special educational needs. Again, the special educational needs budget had been increased to take account of the rising numbers of pupils identified as in need.

Primary schools received £245 per pupil with special educational needs regardless of level of need. Secondary schools received £140 per pupil with Level 1 needs, and £340 per pupil with needs at either Level 2 or 3. In a new development, however, an extra element was added to the special needs allocation this year. It was agreed that schools with high concentrations of special needs pupils required significantly greater resources if they were to meet the needs of their pupils. Schools thus received an additional supplement of £225 per pupil with special needs (of whatever level) if 50% or more of the school roll were classed as having special educational needs. Roughly £100,000 of the £11 million AEN budget was devoted to financing these supplementary payments.

The introduction of the supplementary payments reflected an effort by authority B to recreate pre-LMS patterns of resourcing. Many schools, despite recording a high incidence of special educational needs in the audit process, had had to cut back on staff because the money delivered through the audit did not match the value of the extra staff which they had received prior to LMS at the discretion of area education officers.

Genesis of the audit

Prior to LMS, authority B took account of variations in 'social deprivation' by allocating extra staff to those schools most affected. Schools in need of extra staffing were identified partly on the basis of free school meals data and partly on the basis of area education officers' discretionary judgements².

² For administrative purposes, authority B is divided into six geographical areas, each containing over 100 schools.

After Circular 7/88 was issued, it was realised that area officers would no longer be allowed to make this type of discretionary decision - more 'objective' methods were called for. Authority B's original proposal was outlined in a newsletter sent to schools in December 1988. It stated that schools would be given:

a cash allowance to provide additional pupil support on a sliding scale to a maximum of 1 post, based on free meals uptake.

At this time, the plan was to devote 1.2% ASB to financing these additional posts.

The proposal to use free meals data to measure AEN was acceptable to the DES. However, it met with a firm and unfavourable response within the authority. The LEA later reported (in a discussion paper) that it had dropped the plan because it was 'overwhelmingly condemned by ... headteachers and governors all over the County'. Consultation revealed that schools were concerned primarily with issues of special educational needs rather than social deprivation, and were

... not prepared to accept that a parentally-identified indicator of social deprivation such as free school meals uptake was a statistically valid indicator of the incidence in schools of pupils with 1981 Act Special Educational Needs.

Taking these points on board, authority B drew up new proposals, the details of which were sent to schools in July 1989. The plan was to allow teachers, on the basis of their experience and knowledge of individual children, to measure pupils' needs directly - the *audit* approach.

Initially, it was envisaged that the audit need only take place in primary schools - it was thought that data could be 'rolled forward' to accurately predict needs among secondary school pupils by taking account of traditional flows between primary and secondary schools. That the audit results should be both valid and reliable across the authority was a concern given the sheer numbers of different teachers who would be involved in assessing needs. Hence a system of moderation was proposed whereby the audit results could be checked. It was envisaged that a key part in the moderation process would be played by the teams of special needs support staff assigned to each of the six areas of the authority.

These proposals were well received by schools, and in the autumn of 1989 the special educational needs audit was written into authority B's draft LMS scheme. At roughly the same time that the draft scheme was submitted for ministerial approval, the first audit was conducted.

The Special Educational Needs Audit

The first audit took place in November 1989 and was designed to generate data for use in the 1990-91 formula allocation. The audit form which teachers had to fill in was rudimentary. It asked for basic details about the child - name, age, school and area - and then provided teachers with four headings:

- [a] Identified areas of concern
- [b] Curriculum response to identified need
- [c] Other responses
- [d] Monitoring and evaluation procedures

Under each heading, roughly one inch of blank space was provided for the teacher's assessment, and these comments, supported by the views of the area support service staff, were used to ascertain what level of extra help the individual pupil required. Level one needs were defined as those which schools could meet if given additional resources with which to finance minor additional provision. Level two needs were classed as significant, meriting not only extra funds for the school but also additional assistance from the area support services. Level three needs were classed as major, requiring multi-professional assessment and the issue of a statement of special educational needs.

In each of the six areas of authority B, each school's batch of forms was checked and signed by members of the area support services before being collated by the Area Special Educational Needs Co-ordinator. This was the first stage of the moderation process. In the second stage, a sample of schools' returns were checked in each area - to gain intra-area consistency. Third, the returns of a selection of schools from across the county were checked to gain inter-area consistency. If inconsistencies or anomalies were found, the area or County moderation panels - made up of senior staff and Head teachers - could make alterations. Finally, there was also an appeals stage where schools which had had their audit data questioned and revised could argue their case and challenge verdicts.

The first audit proved to be very time-consuming business for teachers, Heads and particularly members of the area support teams who oversaw the whole process. 21% of pupils in primary schools were identified as having special educational needs (as a result of teachers completing over 22,300 individual audit forms)³. This rate of special educational needs closely matched the authority's expectation (20%) which was based on the findings of the 1978 Warnock Report. It also served to support arguments that more than 1.2% of ASB should be devoted to special educational needs. There seemed to be little opposition to these arguments, and the authority eventually decided that the audit data should be used to determine the allocation of 3% ASB.

Winning over the DES

In a report some time after the first audit had been conducted, Authority B announced that 'the great majority of Headteachers' felt that the audit data had led to a distribution of resources between schools which was 'about right'. However the DES still needed convincing that assessments by teachers provided a sufficiently valid and reliable method of identifying and measuring needs.

Despite warnings from the DES, authority B refused to countenance alternatives to the audit method. Rather, discussions began both within the authority and between the authority and the DES about how the audit could be improved. In particular, a specially arranged conference was organised in May 1990 for all staff connected

³ The results of the first audit, with those of the second and third audits are discussed in more detail later in the chapter.

with special educational needs provision and LMS. Three changes to the audit were agreed at this conference:

- [a] that a more detailed audit form be devised to reduce the scope for subjectivity to creep into the process of identifying pupils' needs;
- [b] that the procedures for moderating schools' audit returns be strengthened;
- [c] that the audit be extended to secondary schools to remove the possibility of anomalies arising from projecting primary school data forward as an indicator of needs in secondary schools.

It was also realised that, regardless of any modifications made to the audit process, more work could be done to explain and justify the approach to the DES. In seeking approval from the DES, authority B therefore argued that:

It appears to be the stated intention of Circular 7/88 that no single model would be prescribed and that LEAs should have discretion to determine the extent of variations in special needs between schools in ways which are appropriate to local circumstances. In view of the consistent and sustained support for the use of the SEN Audit by ... headteachers and governors and their continued rejection of alternatives, it is very important to the LEA to continue down this path.

In the event, authority B's 1991-92 LMS scheme was formally approved, the DES evidently believing that the audit method now complied with the requirements of Circular 7/88. What were the changes made to the audit which lead the DES to change its stance?

Evolution of the audit

The second audit took place in Autumn 1990 and was designed to generate data for the 1991-92 formula allocation. This time, a new and more detailed audit form was used which, the authority claimed, provided teachers with an 'objective identification matrix of needs and provision'. The new form contained two main sections. The first asked teachers to circle, from a list provided, those target areas of the pupil's learning or learning environment which they would be 'working to improve in the next year'. The second was more closely tied to the assessment of the child's level of needs. Teachers were given a range of examples of the types and amounts of provision which came under each level, and were asked to circle those applicable to the child in question.

For the second audit, the moderation process was more rigorous and complex. Six discrete stages were involved. First, the forms which teachers had completed were checked by the Head teacher of each school. Then, members of the area support teams scrutinised the returns of those schools for which they had designated responsibility. The third stage was area moderation conducted by specially convened panels of Head teachers and support team leaders. A 20% sample of schools from each of the County's six areas were chosen and a sample of their audit forms examined alongside examples of the corresponding pupils' work. After this, the six Area Special Educational Needs Co-ordinators visited a number of schools selected from the 20% samples of both their own and other areas. The fifth stage was County moderation, conducted by a panel of the senior staff. Finally, there was an appeals stage as before.

The changes referred to above - made in order to gain DES approval - did not mark the end of the audit's evolution. For the third audit (which took place in 1991 and generated data for the 1992-93 formula allocation), minor changes were again made to both the audit form and the moderation process. The former did not affect the way needs were assessed. Rather they were designed to develop the audit process as a tool with which special educational needs provision could be monitored. Teachers were now asked not only what provision pupils should receive due to their special educational needs, but also what provision the child was already receiving (to allow checks with the assessments and prescriptions made in the previous year's audit exercise). The only change made to the moderation process resulted from the inclusion of secondary schools in the audit process for the first time. Instead of a 20% sample being chosen for moderation (as in the case of primary schools), all secondary schools were scrutinised at the area level.

ANALYSIS

This case study raises issues relating to equity and policy-making in particular. Prior to these issues being discussed, however, the audit process merits evaluation.

Assessing the audit

As has been seen, over three years Authority B monitored the operation of the audit and, as they would see it, honed the technique. The perceived benefits of the

audit are many and great. Individual pupils' needs have been assessed in a systematic and detailed way for the first time; schools have become far more aware of special educational needs issues; and, using data from successive audit forms, the LEA is now able to monitor what is both recommended and provided for specific children with special educational needs. That these benefits relate primarily to the educational value of the audit process rather than its suitability for generating data on which to base resource allocation decisions is intriguing. After all, the audit came into being to serve the latter purpose.

As a method of deriving data to measure need for resource allocation, how does the audit rate? Consider data from the first three audits and the issues it raises.

First, between Autumn 1989 and Autumn 1991 far more pupils came to be identified as having special educational needs: 22,341 pupils in 1989, 26,476 in 1990, rising to 29,499 in 1991. In the same period there was a substantial increase in the County's total pupil population - nearly 8,000 more pupils were in authority B schools. However this does not explain the increase witnessed - the percentage of all pupils identified as having special educational needs also showed a large increase: 21% pupils in 1989, 24% in 1990, and finally 26% in 1991.

The second feature of the data is that between 1989 and 1991 more and more children were identified as having more severe needs (*i.e.* Level 2 or 3 needs) and both the number and the proportion of special needs pupils defined as having Level 1 needs dropped dramatically. This is shown in Table 5 below.

TABLE 5: Numbers and percentages of pupils identified as having special educational needs at different levels, 1989-1991.

<u>Year</u>	<u>Pupils with special educational needs</u>			
	<u>Lev. 1</u>	<u>Lev.2</u>	<u>% SEN</u>	<u>% SEN</u>
	<u>number</u>	<u>number</u>	<u>pupils</u>	<u>pupils</u>
1989	16441	5900	<u>Lev. 1</u> 74%	<u>Lev. 2</u> 26%
1990	15229	11247	57%	42%
1991	13833	15666	47%	53%

When increases in the total pupil population between 1989 and 1991 are taken into account, the drop in numbers of pupils deemed to have Level 1 needs becomes even more significant. In just two calendar years, the ratio of *Level 1 needs* to *Level 2 and 3 needs* went from 3:1 in 1989 to 0.9:1 in 1991.

Third, there is evidence of inter-area inconsistency. Table 6 shows the percentage of pupils identified as having special educational needs in the six different areas of authority B in the years 1989, 1990 and 1991.

TABLE 6: Percentage of pupils identified as having special educational needs by area of authority B, 1989-1991.

<u>Area</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
<i>Yellow</i>	19	24	27
<i>Pink</i>	23	24	27
<i>Green</i>	21	24	27
<i>Red</i>	22	24	25
<i>Blue</i>	22	23	25
<i>Brown</i>	21	21	22

In general there appears to have been some stabilisation in the pattern of inter-area differences since 1990 when the moderation process was made more rigorous. However the record of the area I have called '*Yellow*' is particularly notable; it went from identifying the lowest proportion of pupils in 1989 to identifying the highest proportion in 1991. This suggests either a sharp and substantial increase in the incidence of special educational needs, or a (legitimate or incentives-led) higher rate of reporting needs.

At this point, it pays to reiterate the reservations the DES originally had regarding the audit: that teachers' judgements would not be sufficiently objective and consistent, and that schools would have financial incentives to identify more pupils in need, and to define pupils' needs as more severe. It could be argued that the above evidence suggests that most if not all of the Department's fears were borne out.

In the first three audits at least, complex moderation procedures did not seem to prevent either a remarkable growth in the numbers of pupils being identified as in need, nor an extraordinary shift from Level 1 needs being the most commonly identified to Level 2 and 3 needs becoming the most common. These trends are hard to explain without casting doubt on both the validity and the reliability of the audit method. However, no firm conclusion can be reached regarding whether changes in the audit data accurately reflect changes in pupils' needs or merely chart changes in teachers' behaviour as a result of financial incentives.

Equity

In authority B, each year saw in effect a new manifestation of equity in evidence. As the volume of finances devoted to special educational needs and numbers in need altered, so too did the input-outcome relationship achieved by the AEN component of the formula. Also, the introduction of the extra supplements for schools with a majority of pupils with special needs redefined which schools were classed as equals and which unequals. In effect, this brought school size and composition into the equation used to calculate equitable resource allocations.

The case of authority B is primarily of interest in relation to procedural equity, which demands that equals be treated equally and unequals unequally. There appear to be two ways in which authority B's methods may have generated procedural inequities. First, reliance on teacher discretion may have led to inconsistencies in the process of need measurement and hence inconsistencies in distinguishing equals and unequals in terms of needs. Second, there was a mismatch between the audit process (which generated individualised assessments and assumed there to be a continuum of need) and the resource allocation process, in which needs were divided into only three categories, each category generating a particular lump sum payment. Grouping needs / payments in this way may have ensured that all equals were treated equally, but, inherently, it also meant that pupils with unequal needs were treated equally in financial terms.

From the above, it appears that it does not pay to be too causal with the concept of procedural equity. The case of authority B highlights the possibility of procedural

equity and procedural inequity co-existing, *i.e.* that certain aspects of a procedure (*e.g.* method of measuring need) may conform to the dictates of equity whilst other aspects do not (*e.g.* method of allocating resources). Moreover, it has shown that procedures deemed equitable do not inherently produce financial outcomes which are deemed equitable. In the case of authority B, the audit method did not secure sufficient funds for the most needy schools and a system of extra supplements had to be introduced.

Policy-making

Events in authority B seems to illustrate the phenomenon of bottom-up policy-making, in two clear ways

First, the LEA overtly challenged the DES over methods of assessing need, and this challenge and the subsequent discussions between the authority and the department were instrumental in changing DES policy. By the end of the study period, many LEAs were beginning to view audit-type methods as a credible alternative to using free meals data to measure AEN factors.

Second, events *within* the LEA also illustrate bottom-up policy-making in action. As more needs became identified via the audit, and more of those needs were judged to be severe rather than minor, the authority diverted more resources to the AEN component of the formula. In this way, the actions of teachers and schools - whether in good faith or as a result of financial incentives - shaped LEA resource

allocation policy. And in this way, teachers and schools helped to shape the versions of equity employed in resource allocation.

CONCLUSION

This case study has focused on the development, operation and implications of an innovative method of need assessment - the Special Educational Needs Audit in authority B. This was seen, by the LEA, as a procedural route to equity. But as was shown, there were some real and potential problems with this assumption, not least because there did not seem to be a direct link between procedures deemed equitable and outcomes deemed equitable. I discuss these issues further in Chapter 13.

CHAPTER 11

CASE STUDY C: UNCLEAR QUESTIONS AND UNAVAILABLE DATA

INTRODUCTION

As the censuses of LEAs show, free school meals data is by far the most commonly used indicator of additional needs under formula funding. But ubiquity does not necessarily denote popularity. Indeed, in their first LMS schemes, many LEAs stated that they were only relying on free meals data until more appropriate methods of measuring needs could be developed. By implication, this meant that many authorities were using methods of measuring needs which, they believed, gave rise to a less equitable allocation of resources than was possible if alternative methods of measuring needs had been used.

This case study focuses on a Conservative controlled County (authority C) which: relied on free meals data as a measure of needs; consistently admitted a lack of faith in the use of free meals data for this purpose; continually promised that alternative methods of measuring needs would soon be developed; and actually made only one minor policy change during the period of study. The original aim of this case study was to chart and analyse the way new methods were researched and adopted, looking in particular at the criteria used to decide between options. In the

event, however, authority C never reached that stage. In fact, this case study sheds light more on the factors which held back the development of more sophisticated methods of measuring needs and prevented the achievement of a more equitable distribution of money to schools.

POLICY AND PRACTICE IN AUTHORITY C

Overview of policy, 1990-91 to 1992-3

Prior to LMS, authority C took account of the incidence of 'social deprivation' by allocating additional staff to those schools with the highest incidence of free meals entitlement. Resources totalling £220,000 - 0.025% of the total allocated to schools - were allocated in this way. Early discussions about formula funding prompted talk of great change; initially, it was anticipated that 9% Aggregate Schools Budget (ASB) would be devoted to additional needs / social deprivation. However, this level of spending was soon deemed inappropriate since it would have led to a massive redistribution of resources between schools. In the event, in each of the first three years of LMS (1990-91, 1991-92, and 1992-93), authority C devoted around £4 million or 5% ASB to what it labelled 'special educational needs and socio-economic needs'.

Throughout the period of study, authority C relied solely on free meals data to provide measures of need across schools. Two factors influenced this. First, the authority had previously relied on free meals data (along with discretionary

decisions by officers) to identify those schools in need of additional resources. Second, in the run-up to LMS implementation, when a multitude of difficult decisions had to be taken, and the authority remained undecided about the best way of measuring AEN in the long run, free meals data seemed to offer authority C a cheap and easy interim measure. It was deemed particularly valuable in the circumstances since it was cheap and easy to collect, regularly updated, and was acceptable to the DES.

When it comes to the detail of the methods used to measure needs and allocate the £4 million devoted to special educational needs and socio-economic needs, the approach adopted in 1990-91 differed from that of the two following years.

In 1990-91, thresholds were employed to avoid the least needy schools receiving resources. Primary schools with 4% or less of pupils taking free meals and secondary schools with 2% or less of pupils on free meals received nothing. Then, a system of bands and weightings was used to calculate budget shares for all eligible schools. First, for each school the percentage of pupils taking free meals was calculated. Based on these percentages, schools were then placed in one of four bands. Each band had a different weighting factor associated with it. Different bands and weightings were used for the primary and secondary sectors (this was intended to reflect the fact that up-take of free meals was lower in the secondary sector). The bands and weightings authority C used were:

PRIMARY

<u>% pupils on FSM</u>	<u>Band</u>	<u>Weighting</u>
Above 4%	1	0.5
Above 8.5%	2	1.0
Above 13%	3	1.5
Above 20%	4	2.0

SECONDARY

<u>% pupils on FSM</u>	<u>Band</u>	<u>Weighting</u>
Above 2%	1	0.75
Above 5.5%	2	1.0
Above 9%	3	2.0
Above 12%	4	2.5

For each eligible school, the total number of pupils on the roll was multiplied by the relevant weighting factor to yield a *weighted pupil number*. Then, the money available for AEN factors was divided by the total number of weighted pupil numbers in the whole authority. This calculation yielded a resource unit of £88. Finally, each school received the amount equal to its weighted pupil number multiplied by the resource unit.

After the first year of formula funding, however, the bands and weightings method was abolished. Partly this was because, as the officer responsible for special needs at the time commented, the method was 'untidy and a bit too complicated'. Such disadvantages might have been tolerated if it were not for the fact that the authority could offer no research evidence to justify either the bands it had created or the relative differences in the weightings it had used. Moreover, a working paper in June 1990 had shown how large changes in schools' budgets could be caused by small changes in the numbers of pupils on free meals (which caused schools to move between bands). Indeed, though the paper did not highlight the fact, a

difference of just one pupil on free meals could have produced a 100% change in the money received for special needs¹.

The working paper concluded that:

While it can be argued that resources should follow need ... there is little reason to believe that a school's needs will oscillate so violently from year to year because of the loss or gain of a small number of pupils with free school meals.

To replace the system of bands and weightings, a far simpler method was introduced in 1991-92. The budget for special educational and socio-economic needs was divided in proportion to the total numbers of pupils in the primary as opposed to the secondary sector. Then the budget available for the primary sector was divided by the total number of pupils taking free meals in primary schools, and a corresponding calculation was made for the secondary sector. These calculations yielded two resource units of £750 for the primary sector and £1,500 for the secondary sector. Finally, each school received an amount equal to the resource unit (for that sector) multiplied by the number of pupils in the school taking free meals.

This method was retained, unchanged, for the financial year 1992-93 . On this occasion, the amounts allocated per free meal pupil were £629 in the primary sector and £1,187 in the secondary sector.

¹ *E.g. a 500 pupil secondary school with 45 (9%) of pupils on free meals would be placed in band 4; have a weighted pupil number of 1000 (500 multiplied by a weighting of 2); and receive 1000 times the resource unit. If one child on free meals left, the same school (now with 8.8% pupils on free meals) would be placed in band 3; have a weighted pupil number of 500 (weighting factor of 1); and receive only 500 times the resource unit.*

Desire for change

When an organisation makes only marginal changes to its policy over time, there is a tendency to presume that policy-makers are satisfied with their actions. The case of authority C, however, serves to illustrate that this is not always so. Indeed, from the earliest discussions of the additional needs component of the formula, dissatisfaction was expressed with free meals data as an indicator of needs. There were three root causes of this dissatisfaction.

First, free meals data was understood to offer a proxy indication of needs, rather than a direct measure. This was problematic because policy-makers did not know how strong the association was between the distribution of free meals and the distribution of needs. This lack of information generated a degree of general apprehension about the free meals data, but did not lead to research designed to test the relationship of the two variables. And despite the absence of research evidence to substantiate its claim, both of the authority's first two LMS schemes asserted that free meals data offered a way of measuring needs which was 'too crude'.

Second, free meals data was viewed as essentially data on the incidence of social disadvantage among pupils. But there were many involved in policy-making discussions who argued that special educational needs / learning difficulties should be the concern. This led them to argue either that the wrong thing was being measured, or that the right thing was being measured but in a very roundabout

way. Advocates of the latter argument tended to believe that social disadvantage was, in a general way, a causal factor in terms of learning difficulties among pupils. However they saw no reason to rely on *proxy* data on the incidence of *potentially contributory* factors, rather than developing ways in which the incidence of learning difficulties could be measured directly.

The third reason for dissatisfaction was that policy-makers felt that there was something not quite right about the distribution of resources resulting from the use of free meals data to measure needs. For example, after the system of bands and weightings had been abolished in 1991, the authority still judged that their new approach did 'not necessarily allocate resources to the schools and the individuals who need support' (stated in 1991-92 LMS scheme). However, such views were not supported by clear statements of what an equitable allocation of resources should look like, and policy-makers could not explain what informed their views about what was equitable.

Given authority C's dissatisfaction with its approach to measuring and funding AEN, it is unsurprising that from the very start of LMS and formula funding the LEA promised schools that an alternative approach would soon be developed. Indeed, the first proposals for change were written into the 1990-91 LMS scheme at a time before formula funding had even begun to operate. The scheme stated:

Shortly a data series will be available ... which uses Census material ... to measure the relative differences among schools and their consequent requirement for resources.

It is intended that this series will be enhanced by data measuring the relative needs among schools arising from the special educational needs of pupils.

In the longer term pupil related Census data will be generated by collecting the pupil's postal code and applying a resource weight to this postal code and hence the pupil.

These statements implied that some fundamental changes would soon be introduced, perhaps as soon as April 1991. However the statements were short on specific detail. This was mainly because they expressed little more than the ideas of the day - policy-makers were not, at that time, actively researching new approaches to measuring additional needs factors.

But the lack of detail in the above proposals might also be explained by the fact that the authority had other plans, as stated in a different part of its LMS scheme. Contrary to the earlier proposals, schools were told that data from the SATs tests might be used:

In the future the LEA will consider full use the programmes of national assessment which will ensure a consistency of approach in the identification of all aspects of special needs.

One year later, change had occurred - the system of bands and weightings method had simply been replaced by a less complex free meals method - but none of the proposals mentioned above had been introduced. However the earlier proposals had been combined and efforts had been made to see how they could be put into practice. In the 1991-92 LMS scheme, schools were told that:

Research is continuing into the use of two other sets of data to establish a more satisfactory method of allocation of ... resources based upon:

- (a) Census data for socio-economic needs
- (b) National Curriculum assessment data for special educational needs.

Before explaining these proposals in more detail, the 'research' mentioned above merits brief consideration. As the LMS scheme states, investigations were being made into how the authority could use certain types of data; solutions - both those proposed by authority C staff and those adopted by other LEAs - were being explored. What the scheme does not state, however, is that there was not, at any stage, a detailed discussion of what was meant by 'socio-economic needs' and how it differed from special educational needs.

The plans laid in the 1991-92 LMS scheme - to use Census data to measure socio-economic needs and National Curriculum data to measure special educational needs - first emerged in a working paper issued in June 1990. This paper, written by a senior officer in charge of LMS implementation, had recommended that the budget for additional needs remain at 5% ASB and be sub-divided to create, in effect, two distinct allocations.

3% ASB would be devoted to special educational needs. These needs would be measured using results from National Curriculum testing, primarily at age seven². Exactly how such data would be used to determine financial requirements was left

² In the case of primary schools, needs would be assessed using data from the tests of seven year old pupils in the schools. For middle schools, data from the tests at seven years would be 'rolled forward' in order to assess needs. For secondary schools, data from tests of eleven year olds would be used.

unstated. However the working paper did state that all schools would be treated as eligible to receive funds allocated in respect of special educational needs.

According to the working paper, the remaining 2% ASB of the additional needs allocation would be devoted to socio-economic needs. No definition of socio-economic needs was offered, however a method of assessing these needs across schools was proposed. This method - which relied on decennial Census data and social survey data generated by the County's Planning and Transport department - was not spelt out in any great detail. However, the working paper did list ten factors that might be taken into account - things such as the percentage of the population in social classes IV and V, the percentage of households with no bath or inside W.C. - and did specify that the aim would be to:

link individual pupils anonymously to this data by their post codes
to produce for each school an index of socio-economic need ...

As has been seen above, the proposals issued in the June 1990 working paper were accepted and, to a certain extent, work began on the business of finding ways of implementing them. However, this work did not progress far, and by the end of the period of study, none of the plans had been translated into policy. How can this be explained?

Factors inhibiting change

Having decided as early as June 1990 what it wanted to do, what prevented authority C from bringing its plans to fruition? In offering answers to this question,

a distinction must be drawn between inhibiting factors which were endogenous to the proposals outlined above, and exogenous factors which compounded them.

The proposals authority C made in 1990 proved to be flawed in one major respect, and this was the main reason why radical policy changes did not come about. Quick change was required - the authority did not wish to continue relying on free meals data to measure additional needs because it believed that inequitable financial outcomes for schools resulted. However, two types of data required for the alternative methods which had been proposed - decennial Census data and National Curriculum test results - were, at that time, unavailable. Indeed, having decided what it wanted to do, authority C found that it would have to wait until 1993 for the relevant data to become available, and then wait until April 1994 to introduce changes to the additional needs component of the formula.

Given authority C's view that measuring needs using free meals data was inappropriate and led to an inequitable allocation of funds to schools, it might be thought that delay in introducing new policy would have caused the LEA some frustration. However, conflicting objectives were in operation and, in two ways at least, lack of change actually suited the authority.

First, there was a genuine desire to secure stable and secure financial conditions for its schools in a turbulent period which included, in 1991, central government capping authority C's spending plans. Despite the fact that education fared better than most other services when cuts had to be made, over 250 teaching posts were

lost across the authority as a direct result of capping. This, in turn, acted to limit the LEA's scope, as policy-makers saw it, to make changes to the detail and hence the impact of the AEN component of the formula. On the one hand, the authority did not wish to see the unstable conditions caused by external pressures being compounded by self-imposed changes which would inherently effect a redistribution of resources between schools. On the other hand, the LEA also wished to secure financial stability because it feared schools might otherwise opt out of local authority control and become Grant Maintained. Schools were known to be aware of the financial benefits to be gained from going Grant Maintained, and there were concerns that budget fluctuations caused by the introduction of the Census and SATs approach might prove to be the last straw for some schools, triggering off a wave of opting out. As one officer concluded:

You've got to get where you want to get to without doing untold damage to schools and the LEA along the way. It's alright talking about principles but ultimately everything we do or want to do has to be tempered by some sort of realism.

The second main reason why lack of progress did not unduly concern authority C was that it had plans to conduct a wholesale review of its funding formula in 1993. At the end of the period of study, the authority argued that it had always held a holistic view of the formula, and that piecemeal changes to different components of the formula had thus been resisted prior to the 1993 review. This may be the case. However, given factors mentioned at the start of this section, it is debatable whether the promise to review the formula as a whole in 1993 did not become one of the ways in which authority C came to rationalise the lack of progress it made.

Indeed, there is reason to be cynical, not least because - as has been shown - the authority did not leave its formula totally unchanged prior to 1993³.

ANALYSIS

This case study portrays policy-making as primarily the business of finding solutions even when the questions are unclear, reacting to problems, and finding some sort of a balance between conflicting objectives. It also illustrates the phenomenon of solutions waiting for a chance to come into being, as described in the garbage can model of decision-making - having decided what to do, authority C had to wait for the relevant data to become available.

Equity

This case study raises a range of issues relating to equity and equities.

First, two equities were evident, with the distinction between them arising from differences in the methods used to measure need. The bands and weightings method treated school size as a determinant of need and hence a determining factor in deciding which schools were equals and which unequals. This contrasted greatly with the 'sum per free meal' method used from 1991 onwards. The latter method delivered the same amount of additional resources to schools (in the same sector) with the same *number* of pupils on free meals, regardless of whether that number

³ As explained above, it abolished the bands and weightings system in 1991.

of pupils on free meals represented five or fifty percent of pupils on the roll. The former method delivered very different amounts to schools of different sizes, even if the same number of pupils in those schools took free meals, because it was the *proportion* of pupils on free meals which determined the allocation⁴.

Second, there is an intriguing situation to take note of. Policy-makers seemed to know *inequity* when they saw it; they felt that the AEN component of the formula did not fully fulfil its task of relating resources to need. However, at the same time they did not seem to have a clear idea of what *equity* would look like if it were achieved.

Quite conceivably, the proposed Census / SATs method of measuring AEN might generate a distribution of resources which also seems inequitable; it was certainly being developed without reference to any specific distribution of financial outcomes which it was expected to yield.

Leading on from the above, it was concerns about methods of measuring needs which dominated the search for equity in authority C (as in authority B). Two presumptions seemed to be in force: that once suitable methods were found, equitable outcomes would prevail; and that equitable methods could be developed in the absence of a clear idea about what equity in outcomes should look like. Yet,

⁴ Take two hypothetical secondary schools. School X has 300 pupils, 25 (8%) of whom take free meals. Placed in band 2, this school generates 300 weighted pupil units (300 on roll multiplied by weighting of 1). School Y has 1,000 pupils, 25 (2.5%) of whom take free meals. Placed in band 1, this school generates 750 weighted pupil units (1,000 on roll multiplied by weighting of 0.75). School Y therefore receives 2.5 the allocation received by school X.

the authority did not undertake to test the suitability of a range of different methods of measuring needs. This would have been the logical approach given their presumptions and the fact that policy-makers felt able to tell inequity of outcomes when they saw it.

Third, this case study shows the co-existence of equity with other, conflicting policy goals. The search for greater equity in resource allocation, via the creation and implementation of a more adept method of measuring need, was seen as necessary and important, but so too was the desire to provide schools with financial stability and prevent them from opting out. These goals were (to at least some extent) inherently contradictory; clearly, there would have been no point in the authority adopting a new and more complex method of measuring AEN factors unless it led to a redistribution of resources between schools compared with pre-existing methods.

The final issue relating specifically to equity is particularly intriguing. In Circular 7/88, the achievement of equity in resource allocation is stated as an objective which all authorities must secure, a legal requirement. But the evidence presented above suggests that this LEA did not abide by this rule, nor did central government enforce it. Over the period of study, authority C openly admitted in its LMS schemes and other public documents that it did not think it was using equitable procedures or achieving equitable outcomes. Despite this, the DES formally approved authority C's LMS scheme. Whether it actually makes sense to impose

the achievement of equity as a policy goal, without specifying the concept further, is questioned later in Chapter 13.

Need

This case study also suggests that it is possible for policy-makers to be involved in developing and operating policies for allocating resources according to needs without having a particularly clear idea about what they mean by 'needs'. Precise definitions and goals do not seem to have played much part in policy-making in authority C.

Second, the implicit underlying assumptions of the methods of measuring needs employed by authority C merit consideration. The bands and weightings approach seems based on the assumption that need does not increase in a linear way, but rather increases by a series of discrete amounts. This assumption was illustrated most clearly in the adoption of a threshold, *i.e.* a primary school with 4% pupils on free meals was not judged to require any additional resources to meet needs whereas a school with 4.1% pupils on free meals was. Authority C's second approach - where schools received an amount per pupil on free meals - cancelled out this assumption, and replaced it with one to the effect that needs do increase in a linear way.

There is one thing more to say about the bands and weightings method which authority C used in the first year of formula funding. As noted above, the implicit logic of the bands and weightings procedure is that at certain points along the

continuum of increasing incidence of need the amounts of money which schools require in order to meet needs grow dramatically. But when this logic was put to the test, it was found to be unacceptable. The case study highlights how minute changes in the data used to measure additional needs - changes which policy-makers could not accept denoted any discernible difference in pupils' needs or a school's need for resources - can have a significant impact on the amounts schools receive from one year to the next.

CONCLUSION

The self-made dilemma for authority C was that it committed itself to change, but developed alternative policies which could not be brought in for a number of years. April 1994 was the earliest that any significant shift in policy towards measuring special needs could have occurred. Meanwhile, authority C was burdened with what it deemed to be a most unsatisfactory method of allocating nearly £4 million per annum. Moreover, the LEA were left with no guarantee that the new approach, if or when implemented, would yield a distribution of resources which policy-makers would recognise as equitable.

CHAPTER 12

CASE STUDY D: GREAT EXPECTATIONS AND SMALL ACHIEVEMENTS

INTRODUCTION

The same Act of Parliament which introduced LMS and formula funding also announced the abolition of the Inner London Education Authority. Thirteen new LEAs were to take ILEA's place, and were commanded to begin operating LMS in April 1992, two years after all other LEAs. This case study follows events in one of the new inner London LEAs, a Labour controlled Borough, during the two-year run-up to LMS implementation. It focuses on the deliberations out of which, it was intended, the detail of the AEN component of the authority's formula would emerge. In particular, the study explores how authority D attempted to construct and justify an index of need similar to the ILEA Educational Priority Index.

POLICY AND PRACTICE IN AUTHORITY D

Overview of policy development

In the summer of 1990, an overall framework was imposed on policy-making discussions which was to remain until the submission of the draft LMS scheme in

Autumn 1991. The need to build an AEN component into authority D's formula funding plans was not questioned by members or officers. Nor was the need to develop an index of need such as ILEA had done with its Educational Priority Index (EPI). Simple and single measures of need were, it was decided, inappropriate given the legacy of the EPI and the scale and diversity of need within the Borough (as uncovered by ILEA's EPI surveys). It was also decided that due to the high levels of social disadvantage in the Borough, and consistent with ILEA past practice, a considerable proportion of available funds should be devoted to AEN factors.

Despite the desire to keep faith with ILEA practice, a carbon-copy of the ILEA EPI was not proposed. It was judged that Circular 7/88 prohibited certain features of the ILEA EPI methodology, for example, the use of data derived from professional, discretionary assessments. Moreover, it was also felt that certain types of need arose within authority D which the ILEA EPI had not taken into account.

These decisions and rationales for action were first made explicit in a draft paper produced in October 1990 entitled *Educational Priority Indices and School Resourcing*. This paper - which ran to fifty pages - was written by officers from the authority's Research and Statistics Unit and Policy Unit. Seventeen different indicators were evaluated, namely the nine which the ILEA had employed in its Educational Priority Index and a further eight indicators which had 'been cited by headteachers as being of particular relevance'. The purpose of the evaluation

exercise was to decide whether each was 'relevant' for use in authority D, would prove acceptable to the DES, and would not cause undue problems of data collection. In this process, data from the penultimate ILEA EPI survey¹, conducted in 1988, was used to inform decision-making. Also, the experiences of other LEAs which had already been through the process of gaining DES approval for their LMS schemes was drawn upon. As a result, provisional recommendations for a new, authority D-specific, Educational Priority Index emerged. Version A² of the index included seven indicators of 'poor educational achievement':

- [a] eligibility for free meals
- [b] membership of a large family (four or more children under 16)
- [c] English as a second language / lack of fluency in English
- [d] pupil mobility (movement between schools within the school year)
- [e] the London Reading test (below a certain score; secondary pupils only)
- [f] children in 'special circumstances' (either: Travellers, refugees, living in temporary accommodation, or on the Child Protection Register)
- [g] cumulative disadvantage (primary school pupils scoring on 3 or more, and secondary school pupils scoring on 4 or more of the above indicators).

It was recommended that data for the index should be collected by surveying schools; much of the data could not be derived in any other way. These surveys would need to take place annually, it was argued, because 'large and unforeseen changes' could occur from year to year.

¹ The ILEA undertook biannual surveys to generate data for the Educational Priority Index. In early 1990 the most up to date data came from the 1988 survey. The 1990 survey - the final ILEA EPI survey - had already taken place when *Educational Priority Indices and School Resourcing* was published, but the data did not become available until December 1990.

² Authority D did not refer to its proposals as Versions A, B, C, etc. of the index. I have chosen to do so in the hope that it will make it easier to understand the evolution of policy.

These recommendations were provisional in more than one sense. No data had been available with which to assess the 'special circumstances' indicator; a small scale study was therefore requested to gather information. And in the case of the other six indicators, the working paper made clear that their inclusion in the plans was conditional on the 1990 ILEA EPI data supporting their choice. When that data became available in December 1990 a meeting was held in which *Educational Priority Indices and School Resourcing* was discussed with an eye to confirming, modifying or rejecting the paper's proposals.

At this meeting, which involved the authority's senior staff responsible for LMS implementation as well as the working paper's co-authors, most but not all of the paper's recommendations were supported. The result was Version B of the index, slimmed down from seven to five indicators: membership of a large family was no longer deemed relevant, and it was thought that if pupils in 'special circumstances' did not register on any of the other indicators then they were unlikely to be educationally disadvantaged. This left:

- [a] free school meals
- [b] English as a second language / lack of fluency in English
- [c] the London Reading test - below a certain score (secondary pupils only)
- [d] cumulative disadvantage (not specifically defined)
- [e] pupil mobility - movement between schools within the school year.

Having agreed on the indicators to be used, discussion turned for the first time to issues of how the indicators / data would be combined, whether differential weightings would be used, and how the index would be employed in resource allocation. The weighting method which ILEA had used was dismissed for being

too complex (and hence guaranteed to meet with DES disapproval) and too costly in terms of time and resources. But since no other system of differential weightings could be agreed it was decided to give all indicators an equal weighting.

Members of the meeting also considered the use of bands or thresholds - mechanisms by which to make resource allocation more selective. Such mechanisms were, however, dismissed as inherently problematic because small changes in need readings could greatly affect the amount of resources received by schools.

February 1991 saw the publication of authority D's draft scheme which contained numerous intriguing features. The first firm indication of the percentage of ASB to be devoted to AEN in the formula was given: 7.9% or £3.1 million. This figure was very much provisional; it primarily reflected an estimate of the amount ILEA had allocated to authority D schools for AEN factors.

These budgetary details had not been known at the December meeting, and matters agreed at that meeting do not seem to have informed the draft scheme. The development of the formula and the presentation of the formula seem to have been two different exercises. For example, the draft LMS scheme offered two different indices for measuring AEN factors for 'exemplification' purposes. Neither contained the number of indicators previously agreed; differential weightings had been concocted (when the December meeting had agreed to weight all equally); and the indicator of 'parental occupation', which had been previously rejected, was

now included in one of the model indices. The model indices in the draft LMS scheme were:

Model Index 1

<u>Indicator</u>	<u>Weighting</u>
Free school meals	4
Beginner in English	3
Pupil mobility	1

Model Index 2

<u>Indicator</u>	<u>Weighting</u>
Beginner in English	4
Free school meals	3
Parental occupation	2
Pupil mobility	1

Schools were told that firm details of the indices to be employed would have to await the release of new ILEA data, but they were assured that the 'final EPI will have more factors'.

Two months later, in April 1991, there were two important developments. Within the authority, a revised version of Educational Priority Indices and School Resourcing was published. This contained the long-awaited data from the final (1990) ILEA EPI survey of schools. Although much of the text remained the same as before, the revised version reflected the decisions reached by senior officers in December 1990, and the outcome of discussions held with the LMS Steering Group, a body that included representation from headteachers. As a result, the paper proposed that the 'special circumstances' indicator be re-introduced and the

'parental occupation' indicator be resurrected. Thus, what can be called Version C of the index consisted of seven factors:

- [a] free school meals
- [b] parental occupation
- [c] English as a second language / lack of fluency in English
- [d] Special circumstances - either: Travellers, refugees, living in temporary accommodation, or on the Child Protection Register)
- [e] the London Reading test (below a certain score) (secondary pupils only)
- [f] cumulative disadvantage - primary school pupils scoring on 3 or more, and secondary school pupils scoring on 4 or more of the above indicators (i.e. not including pupil mobility)
- [g] pupil mobility - movement between schools within the school year).

Version C appeared to mark the culmination of the index's evolution, and to end the speculation generated by the draft LMS scheme. Therefore, to collect the data needed to feed this index, a survey of all schools in authority D was conducted at the end of May 1991. The sample consisted of 'all pupils in the intake year, plus all pupils new-on-roll since the previous September in other years'. Few problems were encountered in conducting the survey, although there were some discrepancies in the way schools had interpreted questions and in terms of the data schools had to hand. However, the biggest problem proved to be that the data derived from the 1991 survey was not available to policy makers for a considerable period. Indeed, when authority D prepared its LMS scheme for submission to the DES in December 1991, the data was still unavailable.

The second important occurrence in April 1991 was the publication by the DES of Circular 7/91, which altered some of the rules governing formula funding. In particular 7/91 now required LEAs to devote at least 80% ASB to 'pupil-led'

funding, of which 5% ASB could be devoted to pupil-led special educational needs funding. Authority D, having had the ground rules changed at the mid-point of their two-year run-up to LMS implementation, spent the Summer of 1991 seeking to establish whether, or to what extent, their plans should alter in the light of the new regulations. In the event, the authority's LMS scheme formally submitted to the DES for Ministerial approval in December 1991 reflected both change and continuity.

There were three new features to the final LMS scheme. First, an increased amount, 9.06% ASB or nearly £3.7 million, was now devoted to AEN factors in the formula. Despite being £0.5 million higher than the previously quoted AEN budget, this figure was again said to reflect past practice under ILEA.

Second, AEN funding was now split into two almost equal portions: one portion (4.17% ASB) falling within the pupil-led element of the formula, whilst the other (4.89% ASB) remained in the non-AWPU part of the formula. No changes were made to the indicators making up Version C of the authority's Educational Priority Index, which would be used to decide both parts of the AEN allocation³.

The third new feature was that the LMS scheme was once again proposing that differential weightings would be employed when the authority's need index came into use. The scheme stated that there had not been 'time to analyse and verify'

³ There was one minor exception to this: the LMS scheme stated that 'Because [pupil] mobility is not pupil specific it is not used in allocating through the weighted pupil units', i.e. not used in allocating the 4.17% ASB falling within the pupil-led element of the formula.

the data gathered in the May 1991 survey of schools, and that 'Therefore weightings have not yet been allocated' to the different indicators employed. In the absence of these weightings, Model Index 2 from the draft LMS scheme was again used for 'the purpose of exemplification' in school by school tables to demonstrate the outcomes of formula generated budgets compared to historical budgets.

Despite lacking full details of how the EPI would operate, authority D's LMS scheme, as submitted to the DES, was formally approved to begin in April 1992. But this did not mean that formula funding began at that date. The LMS scheme had laid plans for a four-year phasing-in period from historical budgets to formula determined budgets and had, moreover, stated that this period would not begin until April 1993 when school budgets would be 25% determined by the formula and 75% based on historic budgets. Thus, in the financial year 1992-93, schools received 100% historic budgets, and authority D therefore gained a further year to finalise its Educational Priority Index.

Finally, in June 1992 the results of the previous year's survey of schools were written up in a confidential paper. This cross-tabulated indicator data for secondary pupils with those pupils' scores on the London Reading test⁴. The paper did not make any new policy recommendations, at least not in an explicit fashion. However, it was written on the clear assumption that the system of weightings to be used in authority D's index would follow the same approach as that which ILEA had used prior to its demise.

⁴ This test on transfer from primary to secondary sector places pupils in one of three Bands, Band three denoting those of lowest performance.

ANALYSIS

In the context of this study, authority D's deliberations over the construction of a needs index are intriguing in three main respects, each of which is now considered in more detail: the issue of deciding which indicators to use in the index; the role of information in decision-making; and the influence of the legacy of the ILEA on decision-making.

Evaluating indicators

Authority D invested considerable time, resources and expertise in the process of choosing indicators for its needs index. Rather than describing the fate of individual indicators here, the focus is on the processes by which they were said to have been evaluated. Three criteria were explicated in the *Educational Priority Indices and School Resourcing* papers. First, would the DES approve the use of the indicators? Second, what were the data collection implications? Third, was the indicator 'relevant' to authority D?

Whether or not indicators would prove acceptable to the DES was obviously an important consideration. Acceptability was assessed partly in the light of Circular 7/88's prescriptions, partly on the basis of information gained from LEAs which had already been through the process of gaining DES approval for their LMS schemes, and also by means of informed guesswork and discussion with DES officials. For example, it was known that the DES would not allow children's level

of fluency in English to be measured by teachers' judgements because the DES saw this method as too subjective. However the experience of Haringey LEA had shown that the DES would allow lack of fluency in English to be taken into account, albeit in crude terms, if data was collected in schools which simply recorded an answer 'yes' or 'no' to the question 'Is the pupil a beginner in English?'. Hence it was recognised that DES acceptance hinged not on the nature of the characteristic concerned, but on the means of its measurement.

Data collection issues formed the second issue of concern in evaluating indicators. Here, decision-makers relied primarily on their own and colleagues' previous experiences to inform their discussion; most were former ILEA employees and had been involved in operating the EPI and the associated surveys of schools. For example, ILEA had used the indicators, 'one parent family' and 'parental occupation', but problems were foreseen if such factors were to be retained: some teachers were unwilling to ask parents for personal details; and the data soon became inaccurate due to frequent changes in family or employment circumstances. On the other hand, the ILEA EPI indicator of 'pupil behaviour', which relied on assessing pupils with behavioural problems, was thought to involve too much teacher time in its collection.

Foresight of data collection problems did not, however, seem to play a great part in determining whether in practice indicators were chosen or rejected. For example, although the collection of 'parental occupation' data was deemed problematic, the index in the final LMS scheme included this indicator.

The third concern in evaluating indicators was expressed in terms of whether or not each indicator was 'relevant' for use in authority D. The *Educational Priority Indices and School Resourcing* working papers argued that there was no single way of determining relevance. Rather, they presented a range of different types of data - where such data was available⁵ - which showed:

- [a] the correlation between a child registering on an indicator and that child's risk of being in the lowest Verbal Reasoning band at age 11⁶;
- [b] the extent to which the overall average incidence of pupils registering on a particular indicator in authority D was higher than the equivalent average figure for ILEA as a whole;
- [c] the extent to which the incidence of pupils registering on a particular indicator differed between authority D schools;
- [d] the proportion of authority D schools where 30% or more children registered on a particular indicator and the proportion of schools where over 50% pupils registered on the indicator.

The thinking underlying these 'tests' of relevance was nowhere explained, nor was their relative importance specified. Indeed, the point and role of the tests is questionable in many cases.

Data relating to test [d] seems to have been presented for pure information rather than decision-making purposes; in no case did it play a part in determining the relevance of an indicator, and no rationale was offered to explain why it should.

⁵ The working paper authors relied on data gathered for the 1988 EPI exercise by the ILEA for their 1990 version of *Educational Priority Indices and School Researching*, and on 1990 ILEA data for the final version of the paper, published in April 1991. In neither case had the ILEA collected data on the indicators which authority D had chosen to add to the list of ILEA indicators for consideration.

⁶ These correlations were produced by the ILEA in the course of operating the EPI.

Overall, factor [a] did not appear to have much influence either. For example, 'disturbed pupil behaviour' was identified as a 'more powerful indicator of poor educational achievement than any of the other indicators taken in isolation'. Yet it was ultimately classed as not particularly relevant to authority D⁷. This was apparently because test [b] showed there to be relatively little difference between the incidence of pupils with disturbed behaviour in authority D as compared to ILEA as a whole. But why the behaviour of pupils in areas outside authority D should in any way affect the assessment of needs or the allocation of resources within the authority is extremely hard to understand.

However, the role of test [b] is debatable since in the case of all of the indicators previously used by the ILEA (and hence where data was available) authority D scored higher incidence than ILEA as a whole. This is shown in Table 7, which draws upon data from the 1991 version of *Educational Priority Indices and School Resourcing*.

⁷ It was known that this indicator would be difficult to get past DES approval since it relied on teachers' subjective assessments of pupil behaviour. However, the point is that regardless of this, the indicator which provided the strongest link to educational underachievement was viewed as somehow lacking 'relevance'.

Table 7: EPI factors in authority D primary schools (January 1990 data)

<u>Indicator</u>	<u>ILEA aver. %</u>	<u>Auth. D aver. %</u>	<u>Authority D min %</u>	<u>range max %</u>
Free meals	42	52	17	79
Large families	24	25	7	55
One parent fam.	29	32	0	55
Parents unempl.	29	35	0	58
English as 2nd language	27	37	13	65
Fluency in English	18	24	2	59
Ethnicity	49	68	40	100
Disturbed behaviour	22	22	0	42
Pupil mobility	9	10	1	21

Ultimately, the authors of *Educational Priority Indices and School Resourcing* argued that the extent of variation in incidence between authority D schools was the most important factor in assessing relevance, i.e. test [c]. If need were distributed evenly across all schools, whether the level of need be high or low, there would be no need for a special AEN component in the formula.

However, there were considerable differences between schools on all indicators where data was available. The Table above shows this for Primary schools, and the same was true for the Secondary sector. By implication then, if test [c] had been the main one used to assess 'relevance', all of the ILEA EPI indicators would have been deemed applicable to authority D. This would have meant that choice or rejection of the ILEA indicators rested on issues of data collection or DES acceptance. However, in the event, the 'large families' indicator, for example, was deemed not relevant despite the range of incidence being 7% to 55% in the Primary sector and 22% to 40% in the Secondary sector.

Added to all these anomalies, it should be noted that the ‘special circumstances’ and ‘cumulative disadvantage’ indicators were chosen for inclusion in authority D’s index without any supporting data of any kind being available.

Overall, therefore, it remains hard to tell on what basis choice of indicators rested, other than the idiosyncratic choices of policy-makers and their advisers. Although significant amounts of data were presented, supposedly to aid the evaluation process, and despite various choice criteria having been identified, no overall pattern or practice can be discerned in the selection of indicators. Indeed, as the examples cited above clearly show, it was possible for indicators to fail the tests set them, or remain ‘unknown quantities’, and yet remain part of the proposed Educational Priority Index.

Information

Throughout the period of study, authority D actively engaged in consultation and dissemination of information. Officers operated from the viewpoint that the more they shared information and sought opinion, the better the quality and the less controversial their final decisions would prove.

However, there were times when this belief came to grief, where sharing of information and dispersal of information did not prove inherently ‘good things’. One example relates to the use of two different model indices in the draft LMS scheme. Each index had a particular distributive impact, as displayed in full, school

by school tables. Indeed, one secondary school stood to gain £14,500 more if Model Index 1 rather than 2 was employed. Another secondary stood to gain £12,000 more if model Index 2 were used. These differences caused great concern to the schools concerned, and since the final index would not correspond to either model, it is extremely difficult to understand how the exercise offered schools or members anything in the way of 'exemplification'.

This naive attitude towards information was also evident in relation to the evolution of plans for the needs index. It was clearly believed that the authority simply could not have too much data to aid its deliberations, and that fresh data would aid decision-making to a far greater extent than pre-existing data. Hence, substantial data collection exercises and statistical analyses were undertaken, and decisions were frequently delayed until new data was gathered. This appears rational, the desire being to compose the needs index of indicators most closely related to needs. However, actual decision-making did not appear to be substantially aided. Policy-makers seemed to display a hope or assumption that answers would somehow automatically emerge from data, if a sufficient amount was generated, *i.e.* that survey data would clarify the detail of the needs index. The implication is that authority D did not have a clear idea of what equity between schools would look. Rather, equity would be what the needs index delivered, and the detail of the need index would be somehow decided by the data.

The influence of the ILEA

The legacy of the ILEA is a factor that does seem to have played a significant part in shaping the whole policy-making process in authority D. ILEA's practice in relation to funding for additional educational needs shaped not only the policy-making agenda and process, but also the outcomes of policy-making. Undoubtedly part of the explanation for this is that many of the officers responsible for implementing LMS in the authority had previously been ILEA employees. Indeed some had had posts directly concerned with the surveys or analysis of data conducted for ILEA's EPI. Also, it is true that due to its size and deployment of resources, ILEA had been able to conduct research and policy analysis on a scale and to standard otherwise unheard of in English LEAs.

However, the suitability of a method requiring mass annual surveys and complex statistical analyses to a relatively small LEA is questionable. Indeed, by the very end of the study period, the team which was still trying to finalise the EPI was also already stating that there was a definite need to reduce the scale of the EPI operation. Considerable staff time had been taken up with entering data from the survey of schools and this was particularly problematic since the authority knew it would soon have to cut back on the costs of central staff. It was also being admitted that too many indicators were being used in the EPI. Not only was the EPI unwieldy, and its eventual impact hard to assess, but there was also a realisation that in the future the DES would probably require the authority to prune the index.

CONCLUSION

This case study is somewhat different to its three predecessors in that none of authority D's plans regarding AEN came into effect within the study period. However, events were revealing, not least in showing how chaotic policy-making may be even when there is a strong bias towards incrementalism. As this and the other case studies show, equities are very susceptible to the vagaries of policy-making. These and other issues resulting from my census and case study research, as well as my theoretical findings regarding equity, are now drawn together in the following chapter.

SECTION D

ANALYSIS AND CONCLUSIONS

CHAPTER 13

THE SEARCH FOR EQUITY - ANALYSIS AND DISCUSSION

INTRODUCTION

The empirical element of this research aimed to discover whether equity looks the same or different from place to place, whether the shape of equity changes or remains the same over time, what factors shape the search for equity, and the solutions policy-makers arrive at in measuring need.

The previous six chapters presented the key empirical findings of this research. Two main themes emerge from this data. First, the censuses show great diversity in the design of the AEN components of LEA formulae, and also little in the way of convergence of practice between LEAs over the period of study. Second, the census data and case study material indicate that there was relatively little policy stability within individual LEAs over the same period; many aspects of formulae were changed or revised from year to year.

These findings may be surprising. Over time, a meeting of minds over policy and increasing stability might have been expected after an initial period of policy-

making scramble and experimentation, particularly since all authorities were working to and within the same national guidelines. But nothing like a national model emerged, and no general trajectory or trend in formula evolution became evident: whilst some authorities simplified, others developed methods more complex; and LEAs reducing their AEN allocation were found alongside authorities increasing theirs.

Overall, it is Cohen *et. al.*'s (1972) garbage-can model of decision-making and the incrementalist model which appear best as aids to understanding this study's findings. As illustrated by the case studies, policy-making typically took the form of finding solutions in the absence of stated goals or clarified problems. The search for equity was characterised by improvisation and experimentation with the information and tools which policy-makers had to hand. However, along with improvisation, inertia was also an important factor; strong incrementalist tendencies were also witnessed. The case study and census evidence tells the story of many authorities juggling with the AEN components of their formulae from year to year in order to cope with new demands and perennial difficulties.

The explanation for this, I argue, can be found in the nature of the policy problem being faced by LEAs - the policy problem that is the search for equity in financial resource allocation. In particular, three main sets of issues / factors emerged as crucial in shaping the search. First, equity has to jockey for position with other goals; I found evidence of multiple objectives. Second, in order to secure equity according to need policy-makers need to be able to identify and measure needs and

work out the cost of satisfying them; these prove to be extremely tricky tasks. Third, and most crucially, the search for equity is shaped by the concept of equity itself, its uncompromising complexity and the myriad confusions it generates.

Thus, explanations for the general pattern of policy diversity and policy volatility are found in the nature of the task at hand for policy-makers - the search for equity. In analysing and discussing these factors, the theoretical and empirical strands of this thesis are drawn together and become interwoven. That completes my research into the search for equity.

However, there has been another major part to this thesis which stems from the theoretical element of the research project. I claim that we need to adopt a new approach to the concept of equity. The crux of this claim is that we need to think in terms of *equities*, *i.e.* that multiple versions of the concept of equity are not only possible but can be and are used in research and policy-making. These theoretical issues and claims are reiterated in the final section of this chapter. That section also considers possible criticisms of my approach.

MULTIPLE OBJECTIVES

The achievement of equity is often treated - by analysts and policy-makers - as self-evidently the primary goal of many policies. One of the aims of this research was to study this 'on the ground'. I sought to analyse whether equity peacefully co-

exists or conflicts with other goals, *i.e.* whether manifestations of equity in practice are shaped by concerns other than those relating to equity. The amount of evidence which I can bring to bear on this issue is not large, however the news is not good for equity.

This research provides evidence that the achievement of equity is only one among many policy objectives for LEAs and may be overridden by rival goals. Indeed, the case study material identified a general and major adversary to equity: the goal of financial stability. It appears that LEAs were sensitive to the difficulties schools would face if their budgets fluctuated too greatly from year to year.

Events in case study authorities A and C illustrate this well. Authority A, for example, abandoned plans to allocate schools over £900 per child on free school meals (representing, in total, 12% of the ASB) when it became evident just how radical a redistribution of resources this would effect. The desire to achieve *equity* in *resource allocation* was overruled by an objective relating to *minimum standards* in *school management*. In this case, the minimum standard was defined in terms of the basic degree of financial and organisational stability required by schools to be able to operate and plan effectively. However, it is important to realise that stability concerns did not completely override those relating to equity; a balance between these rival objectives was sought. The balance meant that the LEA avoided the potentially extreme results that blind pursuit of either objective may have created. However, it also meant that a tension was built into policy which encouraged year-on-year, piecemeal change.

This incremental change may have favoured equity in the long-run; the LEA would slowly be able to make progress in redistribution without causing too much instability in any one year. However, a further factor compounded equity's fall from pre-eminence as a policy objective in authority A. The authority decided to prioritise the pursuit of specific pupil teacher ratios and resolved that the budget devoted to AEN factors would consist of whatever was left after enough funds had been devoted to the funding of the PTRs. The desire to achieve *equity in resource allocation* was thus overruled by an objective relating to *minimum standards in service provision*.

Another illustration of the multiple objectives point relates to the possible trade-offs between complexity and transparency, and between simplicity and equity in procedures. Simple methods have the advantage of comprehensibility: councillors, teachers and parents can see why each school receives the funds it does. More complex methods, involving multiple indicators, thresholds, bands and weighting systems, may be seen as more equitable in the sense of being able to take more factors into account or being able to manipulate data more adeptly. However, more complex formulae may prove mysterious and confusing to interested parties, and even to those designing and operating them.

All this is not to deny that equity is an important goal to policy-makers. Indeed, some of the case study data shows just how great an effort some authorities put into pursuit of this goal. But these findings do reveal that equity has to take its

chances with other goals in the cut and thrust of the policy process; equity is not always the omnipotent policy objective it is often taken to be. And this, in turn, begins a list of factors which help to us to interpret and understand this study's empirical findings.

GETTING TO GRIPS WITH NEED

The second main set of issues / factors which defined and influenced the search for equity relate to the concept of need. To be able to find equity *according to need* policy-makers must be able to decide which needs should be taken into account, work out how to measure them, and decide what cash value to apply to need readings. But need proves to be a tricky concept to get hold of and work with, and the solutions policy-makers come up with are shaped by this.

Spot the need

First off, policy-makers were uncertain about what should count as needs. In many cases, the precise nature of need was left unclarified. But those that did confront the problem found it extremely hard to distinguish between different types of needs, in particular between special educational needs and needs arising due to social disadvantage. Were these the same, similar, or different needs? The answer varied from place to place; some LEAs only recognised special educational needs (for example, authority B), others only social disadvantage (for example, authority

A), and many recognised both (either in one or two elements of their AEN allocation) (for example. authorities C and D).

It was also unclear whether the needs of ethnic minority children arose because of social disadvantage or were in some way separate, perhaps due to language difficulties. Again, LEA decisions varied and hence whilst some authorities took the former approach, others took the latter, and yet others did neither. In these and other similar ways, LEA practice diverged and the impressive variety of approaches found under LMS was spawned.

Measurement

Deciding which needs should be taken into account is one thing, but knowing how to measure them is quite another. Both the censuses and the case studies showed that virtually all LEAs relied on proxy indicators (notably free school meals data) to measure needs. But the relationship between these indicators and needs was rarely clear. Rather, in most cases indicators seem to have been chosen because of their easy availability and ubiquity, rather than because their efficacy as measures of need had been in any way proved.

Constraints of time, resources and expertise go a long way to explaining why policy-makers should find availability such a beguiling facet of certain data. The popularity of free meals data as an indicator of AEN provides the most obvious example of this. Free meals data is not only readily available to policy-makers, but is regularly updated, collected at the school level, notionally measures the same

thing across schools (although there are take-up issues to consider), and incurs no extra costs of collection (since the LEA must collect it anyway). It is also an indicator of need which - although being by no means a self-evident measure of need - has a history of use as a measure of social disadvantage. Not only does the government employ free meals data as an indicator of AEN in the Standard Spending Assessment exercise, but some LEAs also used the data as a criterion in resource allocation prior to the introduction of LMS (*e.g.* the ILEA, authority B, authority C; see also Lee, 1989). Familiarity obviously breeds trust in the case of indicators of need.

In some LEAs, the repertory of available and familiar indicators extended beyond free meals data to all kinds of educational test scores, data from local authority planning department surveys, and census data. Authority D was particularly well provided for, since the ILEA had undertaken large surveys every two years to collect data for its Educational Priority Index. And as the study period progressed, results from the SATs were becoming available as a result of the implementation of National Curriculum testing arrangements. LEA allocation schemes thus came to reflect - in part - the size of the repertory of available data in different locales.

The cost of meeting need

Proxy indicators may be able to offer policy-makers a rough idea - quite literally, an *indication* - of where needs arise. They may even be able to inform policy-makers about likely variations in the relative amount or degree of need from place to place. But proxy measures tell policy-makers nothing about what is needed to

satisfy needs. This would seem to pose a problem for policy-makers who have to apply cash values to need indicator readings. However, in a sense the problem does not materialise. The evidence is that policy-makers can and do decide cash values for need readings without necessarily having any idea about the nature and cost of need satisfiers. Hence authority A was able to alter the sum paid per measure of need (i.e. per free school meal) from over £900 in 1990-91 to under £400 in 1991-92. In some ways this is not surprising though. The processes by which inputs (extra funds to schools) are transformed into outputs (goods or services which form need satisfiers) and then final outcomes (improved educational performance by the intended beneficiaries) are still very poorly understood. This lack of understanding, of course, helps to explain the extraordinary disparity in the amounts of money allocated by LEAs to meet needs: for example, as noted in Chapter 7, the sum allocated varied from £10 to £383 in the case of those LEAs whose criterion of need was the number of children receiving free school meals. Given the lack of evidence about what payment is required to satisfy any given need, it is not surprising that LEA decisions vary so considerably and sometimes appear so arbitrary.

Need: a mixed blessing

Overall then, policy-makers face many problems and uncertainties in the business of identifying and measuring needs, and allocating resources to meet them. However, as will also be seen in relation to equity, the concept of need offers policy-makers a mixed blessing: opportunity rides pillion to uncertainty.

In effect, policy-makers are issued with an invitation to experiment. They can attempt to address all kinds of different need factors in resource allocation. In assessing these needs, there is an impressive repertory of possible indicators to draw upon, and myriad methods of combining and manipulating data can be used. Not only that, but wildly varying cash values can be attached to need indicator or need index readings. Governing these choices there are apparently relatively few hard and fast rules; the rules which were supposed to apply to formula construction¹ were on the whole not enforced or proved unenforceable. There is thus colossal scope for policy diversity.

In this way, policy-making and policy solutions are shaped by the uncertainties and problems associated with the concept of need on the one hand, and the lee-way granted by the concept on the other. As stated above, the concept of need offers policy-makers nothing if not a mixed blessing.

EQUITY: COMPLEX, CONFUSING, YET ACCOMMODATING

Even if equity were the sole or the ultimate policy goal, and even if need were a transparent and unchallenging concept, it is clear that policy-makers' lives would be far from easy. Equity offers such a heady mix of complexities, confusions and possibilities.

¹ These rules were that Special Educational Needs should be taken into account, that simple methods be used to measure needs, and that objective methods be used to measure needs (*i.e.* no professional discretion).

In the search for equity in resource allocation, clarity over the meaning of the concept would be an indispensable aid. Policy-makers need to know what they want and how to get it, *i.e.* what sort of distribution of funds needs to be achieved, and how that distribution can be secured. How do they find these things out? From the literature policy-makers could obtain a degree of guidance: the core demands of equity are 'treat equals equally and unequals unequally', and 'to each X according to its Y '. This offers them some very general advice about both outcomes and procedures. But in the translation of these vague prescriptions into the detail of policy, policy-makers are pretty much left to their own devices. And in that process, they confront the full complexity of the concept of equity, and experience both the chronic uncertainties and the broad possibilities associated with it.

This research identifies four key issues about equity which impact upon policy-making and shape policy-outcomes: specification; outcomes; links between means and ends; and scope for variety.

Specification

To operationalise equity, there are three essential ingredients; a focal unit, a focal variable and an input-outcome relationship are required. But which should be chosen? When picking a focal unit, should the aim be equity between individual pupils, schools or geographical areas? Each is a viable choice, and there is no rule to follow. However, each approach is likely to result in a different distribution of

resources. In relation to the focal variable, which type(s) of need should be taken into account? Again, there are choices. Earlier chapters illustrated the many different options available under the blanket heading 'additional educational needs'. Lastly, an input-outcome relationship must be selected. Just how differently should unequals be treated? Is it only a linear relationship between rising need and rising resources which denotes equity, or should some other form of input-outcome relationship be used (*e.g.* a series of steps)? There is no general rule to follow here either.

Policy-makers are very much left to their own devices in the process of specification; it is up to them to decide how to add detail to the vague prescriptions which equity provides. Presumably this is not such a dire predicament though. Presumably, their choice of unit, variable and input-outcome relationship is informed by an image of what it is they wish to achieve. But do policy-makers always know what it is that they are trying to achieve? This leads us to the second issue - outcomes.

Outcomes, equity and inequity

A clear and detailed picture of the pattern of desired outcomes (in terms of cash amounts to schools) would presumably be extremely useful to policy-makers. It would provide a crucial reference point in the process of deciding need measurement and allocation methods. It would enable policy-makers to judge how closely the allocations they are able to achieve in practice match the ideal they are aiming for.

But how can a detailed picture of desired outcomes be derived? The concept of equity itself does not deliver such a vision, ready-made. Furthermore, and interestingly, the case studies reveal a dearth among practitioners. It appeared that the search for equity went on with, at best, a fairly blurred picture to go by and, more often than not, no picture at all.

At the outset, it seems more than a little odd to hope to achieve something without knowing what is that you hope to achieve. It is as if policy-makers hope to stumble across equity, or expect it to somehow reveal itself to them. The latter was certainly the case in authority D where there was an assumption that survey data, if collected in sufficient quantity, would somehow decide the detail of a need index, and the need index would in turn deliver equitable outcomes.

But the situation is perhaps not as ludicrous as it may appear. First, in many ways it is not so surprising that authorities were unclear about what pattern of financial outcomes would denote equity. It is a very complex policy-problem that they face, with hundreds of schools and thousands of pupils to consider, and a set sum to ration out between them.

Moreover, second, it appears that policy-makers can make progress towards equity without knowing exactly what it will finally look like. This is possible because although they have trouble envisaging the outcomes they want to achieve, policy-makers are fairly confident in their ability to spot cases of inequity when they see

them. This seems to be due to differences in the amount of information needed in each case. To be able to make a claim of equity, policy-makers need to know full details about all eligible units, both in terms of their needs and the amounts allocated to them. A case of inequity, on the other hand, can be spotted after considering only two cases. All that is required is evidence of two units which either [a] have equal need but receive unequal resource shares, or [b] have unequal needs but receive equal resource shares.

The relative transparency of inequity and the relative obscurity of equity are factors which may encourage a reactive mode of policy-making characterised by experimentation and marginal adjustment. The visibility of inequities highlights the inadequacies of policy and leaves it prone to criticism, and the obscurity of equity means that it is hard for policy-makers to know how else to act but to try and eliminate inequities as and when they come to light.

Ends and means

It may be that policy-makers adopt a reactive mode because the nature of outcome equity (in terms of cash budgets) remains obscure; hence what they do is strive to eradicate inequities. But could they not secure outcome equity by means of establishing equitable procedures? Common sense seems to dictate that procedural equity and outcome equity are inherently linked: that equitable procedures inherently yield equitable outcomes, and that equitable outcomes are only delivered by equitable procedures. But how do procedures and outcomes interrelate, and is common sense vindicated by real events?

Case study evidence shows that procedures deemed equitable can produce outcomes which are not deemed equitable. For example, in authority B (see Chapter 10) great care and effort went into the development of the Special Educational Needs Audit process and the organisation of a stringent, multi-stage moderation process to ensure equity. Policy-makers strove to ensure the process was equitable, *i.e.* that it ensured consistency in the assessment of pupils with similar needs across schools, and took full account of differences in pupils' needs. But it transpired that the audit was not perceived to treat the most needy schools fairly. The cumulative needs of schools with high concentrations of pupils with special needs did not seem to be taken into account by the individualistic procedures of the audit, and hence a system of extra supplements were introduced to compensate the most needy.

The potential for disjunction between chosen procedures and desired outcomes seems far greater in the case of authorities relying on proxy indicator data. LEAs such as the case study authorities C and D - which believed they could develop suitable composite indices of need without having a clear vision of desired outcomes as a reference point - are really engaged in an act of faith. They appear to know little about *what it is* that indicator data does and does not indicate, at any one time, or over time. Thus when indicator readings fluctuate over time, they are left uncertain whether or not this reflects genuine changes in underlying needs.

Not surprisingly, policy-makers appear to find it hard to establish equitable procedures in the abstract without regard to outcomes. And given that they have trouble clarifying the outcomes they seek (as noted above), this is perhaps why so many changes are evident in the census data. Policy-makers appear to rather routinely tinker with their procedures, or suddenly adopt radically different procedures; it is often a process which is solutions-led.

These problems relating to specification, outcomes, and means and ends, are thus potentially great problems for policy-makers. They alone go a long way towards explaining the LEA behaviour discovered by the censuses and case studies. However, it is also important to see the opportunities generated by equity's imprecision, *i.e.* that great scope for policy variety is an inherent feature of the search for equity.

Equity: another mixed blessing

Many problems and anxieties faced by policy-makers in operationalising equity have been discussed above. However, the order to achieve equity is nothing if not a mixed blessing.

The down side is represented by the myriad confusions and uncertainties generated by the concept, the general difficulty policy-makers encounter in knowing what equity looks like, and the practical problems they experience in trying to bring equity to life.

The up side is that the imprecision of the core demands of equity enables policy-makers to pursue all sorts of diverse approaches (within limits) and still legitimately claim them as equitable. Within the broad parameters that equity imposes, it really is a case of 'anything goes' ... Policy-makers may be wracked by uncertainty, but at the end of the day all sorts of permutations of focal units, focal variables and input-outcome relationships can count as legitimate versions of equity. These versions may embody very different intentions. They may well yield very different distributions of resources. To their creators they may be a source of pride and joy or, conversely, embarrassment and regret. And recipients may judge them fair or foul. But they still conform to the basic demands of equity; they stand as fully-fledged equities.

THE SEARCH FOR EQUITY

Thus I have argued that to be able to make sense of the findings of the censuses and the case studies, it is necessary to understand the policy problem faced by LEAs. In particular, I have highlighted three main sets of issues. The existence of multiple objectives is a factor shaping versions of equity, and which also seems to encourage continual, gradual evolution of policy. Then there are issues relating to the multiple uncertainties and opportunities generated by equity itself, but also its conceptual sidekick, need. Both concepts have schizophrenic qualities, posing serious challenges to the abilities of policy-makers and yet offering great scope in their interpretation. Overall, in the search for equity policy-making seems to be

solutions-led, much shaped by practical constraints of time, resources, knowledge and, in particular, availability of data. These issues and factors help to explain the main features of my empirical data: policy diversity and policy-churning.

EQUITY REVISITED

Thus we have glimpsed something of the enormity, complexity and difficulty of a task routinely set for policy-makers: to search for equity in resource allocation. I now return to the very concept of equity to hammer home my main theoretical assertions and critically examine the concept in the light of this study's findings.

The starting point

My starting position is that if one seeks understanding about equity it is extraordinarily unhelpful to study the term's colloquial usage in the literature (*i.e.* how it is used and referred to by academics and policy-makers). Two problems are encountered. First, the precise meaning of equity is only very rarely stated in explicit terms. This would not be such a problem if equity could only mean one thing. However, second, a multitude of diverse meanings of 'equity' can be witnessed or inferred.

Given these problems with the literature, I felt it necessary to go back to and then work out from first principles: 'treat equals equally, and unequals unequally', and 'to each *X* according to its *Y*'. After analysing these core demands and examining

what they do and do not specify, I argued that equity means very little indeed until detail is added to these propositions. A focal unit, a focal variable and input-outcome relationship must be specified. These are the three essential ingredients required to give equity meaning. Moreover, I argue that it is the interplay between these ingredients that determines what equity means, in practice, in any particular case.

Equities

In identifying these essential ingredients, I have provided a conceptual framework by which to make sense of the multifarious forms which equity seems to take in research and practice, *i.e.* a method of mapping different versions of equity - *equities* - according to their key features.

I feel there are three main factors in favour of my approach which explicitly takes account of differences between equities.

The first reason is straightforward - it is necessary to acknowledge differences between equities because they exist. Others have, of course, noticed this also. However, previous attempts to distinguish between forms of equity (for example the work of Mooney, cited in chapter 4) are inadequate. Such typologies simply cannot cope with the diversity of versions of equity which are possible in research and practice. This is because they are not derived from an analysis of the concept, but rather result from a partial review of its colloquial usage or, more simply, the preferences and idiosyncrasies of the researcher. Rae (1981) makes a similar point

about attempts to classify forms of equality. He also points out that his aim is not to single out any particular author for criticism, but to 'point out the necessary futility of the *genre*' (*ibid.*, p. 144). The same is true here.

The second reason is that differences between equities do not arise by magic. They result from policy-makers or researchers making different choices (about units, variables and input-outcome relationships) in the operationalisation of equity.

Third, there is the distributional reason for highlighting differences between equities. Although they derive their form from a common root, and may be superficially labelled or thought of in similar terms, different versions of equity will tend to vary (to a greater or lesser extent) in their distributional impact. It is widely accepted that *equity according to desert* and *equity according to need* will tend to reward the same individuals in very different ways. However it is also important to acknowledge that so may *equity according to need Y* and *equity according to need Z*. Moreover, even if the focal variable is held constant, differences in focal units or input-outcome relationships may also affect the distributional impact of different equities.

Given that different equities exist, may reflect varied intentions, and may produce dissimilar distributions of resources, in what way is it helpful to fail to distinguish between them?

The notion of equities - help or hindrance?

Of course, some will argue that '*equities*' is an unhelpful term. It will be said that what I call *equities* are not different versions of equity, but rather different ways of achieving the very same thing, namely *equity*, but in different contexts.

Presumably then, the argument is that to secure equity it is necessary to measure needs using free school meals numbers in one locality, whilst in another area it is only by using educational test scores or a multiple factor need index that equity will result. Presumably the argument is that whilst £10 is enough to satisfy one unit of need in some places, in others nearly £400 is required to satisfy that same unit of need. This line of argument, I feel, has little to commend it. Indeed, it contains what I see as two important flaws.

First, it implies that there is one thing called 'equity' which exists in a single, ultimate, objective form. Many researchers write as true believers in this, but I remain devoutly agnostic on this issue. The demands of equity are imprecise, and real resource allocation typically takes place in extremely complex contexts. With hundreds of schools (of all types, sizes, pupil catchments, facilities, staff) and thousands of pupils (of all types of abilities, needs, demands) to consider and a set sum to allocate between them, who is to say exactly what amount per school or pupil constitutes absolute equity? Only a fool would argue that the distribution of resources they advocate is *utterly* perfect; that they have found the Holy Grail of social policy.

Second, the ‘anti-equities’ argument is not supported by my empirical evidence. In fact, my research undermines it in two main ways. Evidence presented in Chapter 7² shows up distinctions in the intentions of authorities. Clearly they were not taking alternative routes to the same ultimate objective, but heading off in different directions in search of diverse destinations. Also, the ‘anti-equities’ argument seems to presuppose rationalism in policy-making: that the detail of LEA formulae reflects a full and informed analysis of goals, context and methods. As discussed earlier in this chapter, my research serves to confound rather than confirm that view.

In these ways, I defend my approach against one type of possible criticism. I maintain that we fail to recognise and acknowledge distinctions between equities at our peril: different equities provide us with radically different tools for research, or goals for policy-making.

The mystery of the missing moral dimension

All this is well and good, but there is another feature of my approach that may raise the hackles of others. I have not taken equity to be an intrinsically moral concept (other than in terms of it demanding consistency, which is to some extent a moral demand). Hence, in offering a method of mapping equities I have made no attempt to devise some sort of a ‘moral filter’ to decide which types of variables, units or input-outcome relationships can and cannot be incorporated into versions of equity.

² See the sub-section entitled ‘Which needs?’.

This of course leads to interesting and controversial possibilities. For example, skin colour, gender, sexual orientation, intelligence, social status, etc. all remain as viable focal variables for versions of equity. Given this, it becomes possible for an anathema such as apartheid to be classed as equitable³, a prospect that for many will appear as ridiculous as it is distasteful. Surely then, I have created a framework which is fundamentally flawed? I do not think so, and have three reactions to the charge.

First, I can opt for something of a cop-out. All the equities studied in the fieldwork element of this research project have been versions of equity *according to need*. I would not think there is likely to be much dispute over the moral dimension of these equities, and therefore it was not strictly necessary to confront wider issues of morality. My method of mapping different equities thus served the purposes of this specific piece of research.

Second, I could say that whilst I do think my approach has much to commend it, I do not see it as providing a flawless tool. Perhaps the work I have begun could be continued and built upon, so as to incorporate a moral filter to distinguish between what can and cannot count as a version of equity. The gulf between my way of viewing equity and that of equity traditionalists could thus be bridged.

³ *i.e.* the focal variable is racial background, and the input-outcome relationship is such that whites receive most, blacks least, with 'coloureds' and Asians in the middle.

Third, however, I can reply with my own question: Is the missing moral dimension really a problem of my approach or a problem of the concept of equity itself? I opt for the latter - if the gulf between my work and that of traditionalists is to be bridged, it will have to be bridged by others. My contention is that the morality of certain equities depends solely on the specific units, variables and input-outcome relationships which are employed, not from the root of the concept of equity. The meeting of need, the enhancement of well-being, or other such admirable demands are only found in certain versions of equity - certain *equities*. At the root, from which our understanding of the concept must grow if we are to make sense of the bewildering diversity of manifestations of equity in research and practice, we find only demands for consistency and proportionality in treatment, nothing more specific. Indeed, the root of the concept does not even specify the form that proportionality of treatment should take. Strictly speaking, an inverse relationship between need and resources fits the demands too.

Therefore the 'morality problem' lies not so much in the way I have approached the study of equity, but in the disjunction between popular assumption and the findings of academic inquiry.

Equity - a 'full' or 'empty' concept?

Where does all this leave the concept of equity? It certainly seems that once we depart from the core of the concept equity can mean many different things. Bearing this in mind, two contrasting types of conclusion seem possible: the 'full' and the 'empty' options. The former concludes that equity is a concept bursting

with meaning because equities can take so many different forms; equity is therefore ‘full’ because it can mean so many different things. The latter concludes that equity is virtually devoid of meaning precisely because it proves such a malleable concept; equity is ‘empty’ because it can mean so many different things.

Interestingly, both Rae (1981) and Sen (1992) came to the same fork in the road in their studies of the concept of equality. Both opted for the ‘full’ thesis on equality, arguing that just because the concept can exist in numerous different versions does not mean that it is meaningless. However my judgement on equity is less straightforward.

What neither Sen nor Rae do is to distinguish between root and branch - in their case, between *equality* and *equalities*. Their argument that *equality* is deeply meaningful seems to rest on the fact that certain *equalities* can carry substantial and substantive meaning (to borrow Sen’s phrase). But the problem with this line of argument is shown up extremely well by equity. Yes, specific *equities* can clearly carry substantial and substantive meaning. But that does not mean that *equity* is itself a deeply meaningful concept. Indeed, the meaning of *equity* - with no further detail added - whilst not insignificant, is minimal: it demands no more than consistency and proportionality of treatment. Crucially, the raw concept of equity does not specify between whom or what consistency should be sought, according to which criteria or characteristics consistency should be judged, or how resources should be linked to differences in those characteristics.

Given this and the sheer number of different equities which are possible, and taking into account the ability of equities to oppose each other in terms of intent and distributional impact, I think the value of imposing 'equity', or even 'equity according to need' as a goal of allocation is severely limited.

Demanding 'equity' is a bit like asking for 'an animal'. If your demand for an animal is met, you will know that what you get will have certain characteristics, namely [a] it will be a living organism and [b] it will not be a plant. But who knows what the animal will look like and how it will behave - you might get anything from an amoeba to a blue whale, a trout or a toucan, a gecko or a gorilla.

Setting a goal of equity *according to need* obviously reduces the pool of possibilities, but it still leaves a tremendous number and variety of possibilities. To continue my metaphor, 'equity according to need' is to 'equity', as 'mammal' is to 'animal'. The range of possibilities remains impressive; included among mammals are dogs and dolphins, horses and humans.

Thus I would argue that if government and others who set policy goals are serious in their intent to direct policy in a certain way, they really need to be far more precise in their demands. Moreover, they and many others need to question whether equity really is such a worthy social goal, given that it can take so many different forms. There are many equities under whose banner I would refuse to march; people need to be far more specific and discerning in their faith in equity.

If equity is to survive as a meaningful concept in the social policy pantheon, it needs to be far better understood.

CONCLUSION

This chapter has clarified and discussed the empirical and theoretical findings of this research. Three main issues / factors crucial in shaping the search for equity were discussed: problems of balancing equity with other policy goals; uncertainties and opportunities associated with need, its identification, measurement and satisfaction; and the complexities and confusions generated by the concept of equity itself. Then, the approach I have taken in this study of equity - which hinges on the notion of *equities* - was summarised, defended and its implications analysed.

The final chapter of this thesis offers final conclusions, as well as identifying areas for future research.

CHAPTER 14

CONCLUSIONS AND AREAS FOR FUTURE RESEARCH

INTRODUCTION

This final chapter is divided into three main sections. The first provides a brief final summary of my thesis which has analysed the search for, and the nature of, equity. The second section offers my overall conclusions on the thesis, its contribution to knowledge and also its limitations. Finally, I offer suggestions for future research.

SUMMARY

This study has analysed local education authorities and their search for equity in resource allocation. Equity is not a notion that translates directly into policy; it requires interpretation and operationalisation. Therefore, my empirical research was governed by aims to discover what equity looks like when made manifest in policy; whether it takes one or a variety of different forms in practice; and the nature of the factors that play a part in shaping manifestations of equity.

In search of answers to these questions, I undertook three national censuses of LEAs in England, achieving good response rates on each occasion. These showed up great variety in LEA formulae, and also a high degree of flux over the study period. The factors influential in shaping LEA policy were meanwhile examined via four case studies of individual authorities. Overall, I argued that there were three main features of the policy problem faced by LEAs which help to explain why diversity and change were the key features of my census data. These three main features were: the existence of multiple and often competing policy objectives; the uncertainties and opportunities associated with the concept of need; and also problems and opportunities associated with the concept of equity itself.

This thesis provided both an empirical and a theoretical study of equity. On the theoretical side, I wanted to develop the notion of *equities* - different versions of the concept - following the lead of Rae in his seminal study of equality / equalities. In explaining how equities are created, I highlighted the three ingredients which are essential in operationalising equity in the context of resource allocation - I called them the focal unit, focal variable, and input-outcome relationship. This unit / variable / relationship approach provides, I argue, a means of mapping different versions of equity which is rooted in conceptual analysis rather than equity's colloquial usage.

Indeed, I argued that colloquial usage of equity provides little if any help to those wishing to, or needing to, understand the concept. I have asserted that goals of 'equity' or 'equity according to need' are less meaningful than many seem to

assume; such goals would seem to direct policy in a way which is more symbolic than real. I urge that advocates of equity pay greater attention to what it is that they are really advocating.

CONCLUSIONS

In offering conclusions to my thesis, I have two main tasks. The first is to acknowledge and discuss the limitations of my work. The second task is to consider the contribution to academic knowledge which I have made.

Limitations

Above and below, I make claims as to the merits of my thesis. This is not to say that my work is not without its limitations. However, in some cases I do find it hard to distinguish between the limitations of this current work and my suggestions for future research, for the two seem closely linked.

In the empirical element of my thesis, I have studied equity as it relates to financial allocation in education. That was the purpose. But it is not at all clear whether my work has any broader relevance. I feel that it does - there seems little to suggest that the factors I have identified as those impinging on the search for equity are not fairly generally experienced by policy-makers in other similar financial rationing contexts. However, my research does nothing to vindicate that assumption.

Strictly speaking, my findings concerning the search for equity do not hold currency outside of the arena of LMS and formula funding.

Indeed, it could be argued that my findings are of even more limited value, due to my reliance on the explanatory power of case study research. The authorities were not chosen with the intention of establishing a representative sample of authorities to study. Therefore, strictly speaking my case studies provide, at best, a valuable insight into what went on in the individual authorities concerned, but reveal nothing about the search for equity in other LEAs across the country. They also cannot explain exactly why particular authorities (other than the case studies themselves) acted in the way that they did. I acknowledge this line of argument, though think it yields an unduly harsh judgement. My aim was to understand the policy problem facing authorities and the main factors influencing the search for equity, not provide explanations of every decision made across England.

The census research must also be mentioned. It has already been noted - in Chapters 6 and 7 - that the data derived from the first census is of more dubious validity than that derived from the two later censuses. I have treated the findings of the first census - which took place in late 1989 - as worthy of analysis since they represent what authorities publicly stated they were planning to do. However it may well be that authorities subsequently changed their plans prior to the initial implementation of LMS in April 1990. Therefore, it may be that my data shows up a higher degree of change than actually occurred.

In terms of the theoretical / conceptual element of my thesis, I must also note limitations. The way I analyse and understand the concept of equity is very much dictated by and linked to my interest in resource allocation. But equity is a concept with wider applications. Therefore, although I have made some rather broad claims as to the merits of my way of understanding and working with the concept and its offshoot versions (the unit / variable / relationship approach), it is not at all clear to me - at this stage of my examination of equity - whether my approach and work has much to offer those analysing issues other than financial rationing processes. I return to this issue below.

Moreover, many will find my work severely limited - if not totally unacceptable to them - because I have dared to strip the root concept of equity of a moral dimension. As noted in the previous chapter however, I do not see this as a problem of my work, more a problem of equity's own making and a confusion arising from a mismatch between common assumption about equity and what is revealed by academic analysis of the concept.

Contribution

Now this thesis is completed, it is time to make claims as to its contribution to social policy analysis. There are three main ways in which I believe my thesis has added to, or called for changes to, the existing body of knowledge.

First, I have studied equity in a fresh way by means of analysing how equity is interpreted in practice by policy-makers and identifying the factors - problems and

possibilities - that influence this process and its results. This has a number of advantages. Usually, the researcher imposes his / her own interpretation of equity as an ideal against which practice and outcomes are compared. Such traditional analysis reveals remarkably little; not least, it ignores the fact that many different interpretations and operationalisations of equity are possible - researchers may be comparing chalk and cheese. Moreover, the traditional approach shows an unwelcome degree of arrogance: it announces that academics can decide the 'ought' (what policy-makers should do) without bothering to understand the 'is' (why it is that policy-makers do what they do).

Second, I have coined and justified the use of the term *equities*. I have shown how important and useful it is to adopt an approach which acknowledges the existence of different versions of equity. Moreover, I have provided a means of understanding how equities differ. This method hinges upon the identification of three components, which I have called the focal unit, the focal variable (this term coined by Sen), and the input-outcome relationship.

Finally, I have renovated the concept of equity. 'Equity' stands for no more than consistency and proportionality of treatment. It is only versions of equity - equities - that contain deeper meaning and more substantive demands. Moreover, I have exposed the range of different meanings that equities can take. In so doing I have undermined the popular assumption that equity is inherently associated with *welfare*; in showing how an apartheid regime could in theory count as an expression of equity, I showed a possible association between equities and

diswelfare. This will do nothing if not sting others to react, and in so doing they will provide further evidence of my work's contribution to knowledge and debate.

FUTURE RESEARCH

In all research, a degree of selectivity and prioritising is called for. Thus, in the preceding pages of this thesis I have sometimes asked questions and pointed to gaps in the literature, without necessarily offering answers or plugs. Moreover, sometimes the process of finding out more reveals how little we as yet know. In this final section, I offer a range of suggestions for possible future research and flag the main issues which, I feel, crave the attentions of social policy analysts.

First, there are many other contexts in which it would be worth exploring the search for equity, following the kind of approach I adopted in this thesis. My own work would be complemented by similar studies in other service areas where financial rationing by formula occurs, and also by comparing the allocation policy process at different levels in the administrative hierarchy. For example, central government allocates resources to local authorities in the Standard Spending Assessment / Revenue Support Grant process; local authorities allocate budgets to schools via formula funding; and schools allocate these resources to provide an educational service. What are the versions of equity in operation at each stage, and are the factors influencing procedures and outcomes similar or different?

Second, there is much relevant work to be done in analysing key concepts and their translation into policy. Still retaining the type of approach I have pursued in my thesis, we could change the concept and the laboratory, with potentially very fruitful results. Do other concepts take numerous forms in policy and practice, as equity does? For example, until it was abolished, the Unit Fines policy in the Magistrates Courts offered a laboratory in which to examine how 'justice' was interpreted and translated in practice by different groups of policy-makers (different Benches) across the country. It is fascinating to ask: Do concepts mean the same, and translate into policy in similar ways, across service or even national boundaries?

The most important and stimulating topics for future research relate to the concept of need. In particular, there is much work to be done analysing issues of need satisfaction, need aggregation, and the interplay between the two. We clearly need to know much more about how to satisfy needs - it does seem quite bizarre that millions of pounds of public money can be allocated without allocators holding much of an idea what that money should be or could be used for. Research might also be directed to the further study of indicators and their use in resource distribution. Moreover, it seems worth exploring whether need could be better measured in terms of indicators of the amount of need satisfier that is needed, rather than indicators of underlying conditions (which do not necessarily tell us anything about need satisfiers). Finally, in Chapter 3 I asked '... are all needs reducible to individual requirements? Can a unit of need satisfaction only satisfy one person's need at once? Is the need of a group of individuals the same as the

sum of those individuals' individual needs?'. Without answers to these questions, resource allocation *according to need* will remain, at best, a process characterised by acts of faith. At worst, it will remain characterised by the kind of shenanigans which Blalock (see Chapter 5) warned us of, whereby 'need' serves as a legitimating front behind which policy-makers can pursue virtually whatever type of allocation they wish. Given the sums of public money involved and the scarcity of those resources compared to the limitless legitimate demands which exist, there is an urgent need to direct research towards these issues.

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